

California Debt and Investment Advisory Commission



2004 Annual Report

**Phil Angelides
State Treasurer and Chair**

CDIAC #05-07

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION
2004 ANNUAL REPORT



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SECTION I.

**OVERVIEW OF CALIFORNIA
PUBLIC FINANCE IN 2004**

In 2004, public issuance totaled \$70.4 billion, a 12.4 percent decrease from the \$80.4 billion that was issued in 2003. The dollar amount and percent of total California public issuance¹ is divided into the following categories: bonds (75.9 percent, \$53.5 billion), notes (18.3 percent, \$12.9 billion), certificates of participation (4.7 percent, \$3.3 billion), commercial paper (1.1 percent, \$794.1 million), and other² (0.001 percent, \$956,849).

Redevelopment (38.3 percent), interim financing (19.1 percent), education (17.7 percent) account for the largest percentage of total statewide issuance at 75.1 percent.

Although State issuance (comprised of the State of California and multiple state agencies) decreased from \$37.0 billion in 2003 to \$31.5 billion in 2004 (-15.1 percent), the following are considerable issuances:

Bonds

- \$10.9 billion of general obligation bonds were sold under the Economic Recovery Bond Act, which was passed by voters in the March 2004 primary election.
- \$3.2 billion of general obligation bonds were sold for kindergarten through 12th grade (K-12) educational purposes.
- \$2.1 billion of conduit revenue bonds were sold for housing purposes.
- \$1.7 billion of general obligation bonds were sold for college/university facilities.

Notes

- \$6.0 billion in (\$1.2 billion in 2003) revenue anticipation notes for cash flow/interim financing.

In 2004, the State issued 47.3 percent (\$12.0 billion out of \$25.4 billion) of its long-term issuance for other purposes including the following:

- \$10.9 billion for Economic Recovery bonds to finance a portion of the state's budget deficit.
- \$750.0 million for workers compensation relief.
- \$180.0 million for Orange County Performing Arts Center for the construction, equipping and furnishing of the center.
- \$96.0 million for the J. Paul Getty Trust to refund 1994 certificates of participation for the construction and improvement of the Getty Trust Center for visual arts and the humanities.
- \$61.1 million for voting modernization to assist counties in the purchase of updated voting systems.
- \$51.4 million for the State Revolving Fund to provide low cost financing to local governments for infrastructure projects and to fund a reserve fund.
- \$1.5 million for the California Youth Theatre, Inc.

The second largest amount in long-term State issuance was for education purposes, which amounts to \$5.6 billion (21.9 percent); a contrast to 2003 when education consisted of the greatest amount of State issuance \$8.9 billion (41.2 percent). The smallest amount in long-term State issuance was for redevelopment purposes with \$12 million (.05 percent).

¹ Calculations of differences and percentages are based upon exact numbers; therefore, individual numbers shown throughout this report may not sum to totals due to rounding.

² "Other" is comprised of a loan agreement for a water district. The funds were used for water supply, storage, and distribution.

Total issuance from California local agencies, which include cities, counties, and special districts, decreased from \$42.8 billion in 2003 to \$38.6 billion in 2004 (-9.9 percent). The types of financings that had the largest issuance were as follows:

- General obligation bonds, \$7.2 billion
- Public enterprise revenue bonds, \$6.2 billion
- Tax and revenue anticipation notes, \$6.0 billion
- Conduit revenue bonds, \$4.5 billion
- Certificates of participation/leases, \$3.3 billion
- Other bonds,³ \$2.9 billion
- Tax allocation bonds, \$2.5 billion
- Revenue bonds and limited obligation bonds, \$1.6 billion each

As in 2003, California student loan corporation issuance experienced a decrease. Issuance went from \$521.2 million in 2003 to \$368.5 million in 2004 (-29.3 percent). In addition, student loan corporation refunding also decreased 67.4 percent from \$374.4 million in 2003 to \$122.0 million in 2004.

³ "Other bonds" were for insurance/pension funds, capital improvements, public transit, single family housing, and judgment obligation bonds.

SECTION II.
STATE AND LOCAL
ISSUANCE

The following is a summary of California public issuance during 2004. The analysis is based on information contained in two companion California Debt and Investment Advisory Commission (CDIAC) publications: *The 2004 Calendar of Public Debt Issuance* and the *2004 Summary of California Public Debt*.

A. Overview

- The total number of California public bond issuances reported in 2004 was 1,938, an 8.7 percent decrease over 2003.

The type of issuer and number of issues are as follows: the State issued 163 bonds (8.4 percent), local agencies issued 1,772 bonds (91.4 percent), and student loan corporations issued three bonds (0.2 percent). Changes in the proportion of state, local, and student loan corporation issuances were minimal compared to 2003 (State: 8.8 percent, local agencies: 90.9 percent, and student loan corporations: 0.3 percent).

- The total par amount of California public issuance reported in 2004 was \$70.4 billion, a decrease of \$10.0 billion from the \$80.4 billion issued in 2003 (-12.4 percent), as shown in Figures 1 and 2 on page 4.

Unlike 2003 when all issuers had an increase of the number of total bond issuance from the prior year, only local agencies experienced a slight increase (91.4 percent compared to 90.9 percent in 2003), although the actual dollar amount decreased from \$42.8 billion in 2003 to \$38.6 billion in 2004 (-9.81 percent).

Other issuers (see Figure 2 on page 4) decreased their issuance from \$14.4 billion in 2003 to \$11.3 billion in 2004 (-21.4 percent). Despite the overall decrease in this category, the amount of debt issued by water agencies/authorities increased substantially from \$36.2 million in 2003 to \$533.6 million in 2004 (1,374.3 percent). The bulk of the bond issuance was \$425 million for projects such as pipeline and emergency storage.

County government (21.3 percent) and joint powers authorities (JPAs) (15.0 percent) were the only categories of issuers to increase their bond issuance from 2003 to 2004. City and county government decreased issuance significantly from \$1.0 billion in 2003 to \$442.0 million in 2004 (-56.0 percent). K-12 school districts (-19.0 percent), city government (-16.5 percent), and state issuers (-15.1 percent) also decreased issuance from 2003 to 2004.

- The largest amount of State issuance in 2004 was for general obligation bonds (55.7 percent), revenue anticipation notes (19.1 percent), and conduit revenue bonds (13.7 percent), as shown in Figure 11 on page 13. The largest amount of local agency issuance in 2004 was in general obligation bonds (18.7 percent), public enterprise revenue bonds (16.0 percent), and tax and revenue anticipation notes (15.4 percent), as shown in Figure 13 on page 16.

Figure 1
California Public Issuance
Total Par Amount
1994 through 2004

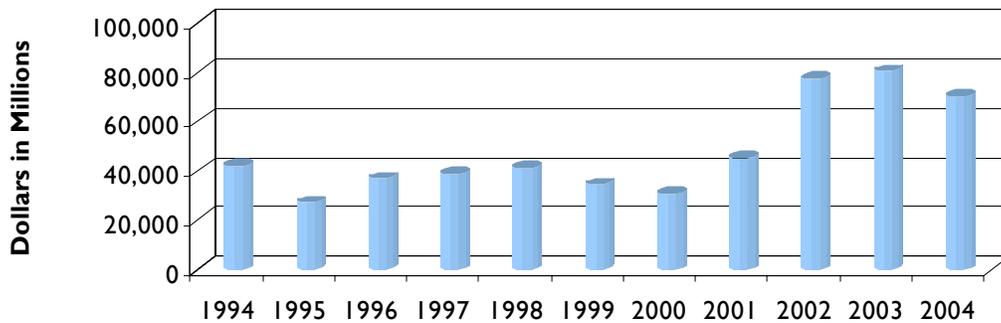


Figure 2
California Public Issuance¹
Types of Issuers
2004 and 2003
(Dollars in Millions)

Issuer Type	2004		2003		Percent Change 2003 to 2004
	Principal Amount	Percent of Total	Principal Amount	Percent of Total	
State Issuers ²	\$31,461	44.7%	\$37,036	46.1%	-15.1%
County Government	4,684	6.7	3,861	4.8	21.3
City Government	5,046	7.2	6,041	7.5	-16.5
City and County Government	442	0.6	1,007	1.3	-56.0
Joint Powers Agencies	9,600	13.6	8,345	10.4	15.0
K-12 School Districts	7,874	11.2	9,714	12.1	-19.0
Other Issuers	11,312	16.1	14,390	17.9	-21.4
Total³	\$70,420	100.0%	\$80,393	100.0%	-12.4%

¹ Totals may not add due to rounding.

² Includes State Joint Powers Authorities.

³ Total includes state and local government entities and student loan corporation issues.

- **Long-Term Issuance:** Figure 3 (see page 6) shows total long-term issuance of approximately \$57.5 billion, a minor decrease from 2003 (-1.3 percent); however, the percent share of long-term issuance increased from 72.5 percent in 2003 to 81.6 percent in 2004 (12.6 percentage points). Of the \$57.5 billion in long-term issuance, general obligation bonds (\$24.8 billion, 43.1 percent), conduit revenue bonds (\$9.1 billion, 15.8 percent), and public enterprise revenue bonds (\$7.5 billion, 13.0 percent) made up most of the issuance in this category. Most of the long-term issuance was for education, capital improvements and other purposes (see explanation of other purpose on page 1).
- **Short-Term Issuance:** As shown in Figure 3, state and local short-term issuance declined from \$22.1 billion in 2003 to \$12.9 billion (-41.5 percent). As short-term issuance decreased, so did the percent share of total, from 27.5 percent in 2003 to 18.4 percent in 2004 (-33.1 percent). In 2003, State issuance comprised 70.0 percent of the short-term issuance; however, in 2004, the State issuance was only 46.5 percent (\$6.9 billion). State issuance was comprised mostly of revenue anticipation notes, while local issues were comprised mainly of tax and revenue anticipation notes.

B. Refunding Bond Issuance in 2003

Figure 4, on page 7, shows state and local refunding decreased to 21.1 percent of total debt issuance in 2004, down from 29.6 percent in 2003. The majority of refundings for statewide issuance were concentrated in the following areas: capital improvements (\$5.8 billion, 39.0 percent), education (\$2.9 billion, 20.2 percent), and housing (\$2.3 billion, 15.6 percent).

- **State Refunding:** State issuance in 2004 was \$31.5 billion (44.7 percent of the total par issuance); \$4.5 billion was used for refunding prior financings (see Figure 5 on page 7). State issuance was lower in 2004 by 15.1 percent, just as the percent of total refunding was lower (-41.1 percent). State refunding in 2004 was 6.4 percent of total statewide issuance, whereas, in 2003, state refunding was 9.5 percent.
- **Local Refunding:** The par amount of local issuance decreased from \$42.8 billion in 2003 to \$38.6 billion in 2004 (-9.9 percent), and the amount of refunding decreased from \$15.8 billion in 2003 to \$10.3 billion in 2004 (-35.1 percent). In 2004, local refunding was 14.6 percent of statewide issuance.
- **Student Loan Corporation Refunding:** As with state and local refunding in 2004, student loan corporations also experienced a decrease in refunding. In 2004, student loan corporations issued \$369.0 million in bonds compared to \$521.0 million issued in 2003 (-29.3 percent). Refunding went from \$374 million in 2003 to \$122 million in 2004 (-67.4 percent).

Figure 3
California Public Issuance¹
Long-Term and Short-Term
2004 and 2003
(Dollars in Millions)

	2004		2003		Percent Change in Par Amount Issued 2003 to 2004
	Amount of Issuance	Percent of Total Issuance	Amount of Issuance	Percent of Total Issuance	
Long-Term Issuance					
Bond Anticipation Note	\$33	0.0%	\$47	0.1%	-29.7%
Certificates of Participation/Leases	3,303	4.7	4,353	5.4	-24.1
Conduit Revenue Bond	9,080	12.9	7,693	9.6	18.0
Grant Anticipation Note	615	0.9	23	0.0	2,599.7
General Obligation Bond	24,754	35.2	16,171	20.1	53.1
General Obligation Note	0	0	0 ²	0.0 ³	-100.0
Limited Tax Obligation Bond	1,568	2.2	1,387	1.7	13.0
Other	1	0.0	2	0.0	-36.7
Other Bond	3,698	5.3	7,427	9.2	-50.2
Other Note	109	0.2	114	0.1	-4.5
Public Enterprise Revenue Bond	7,465	10.6	11,934	14.8	-37.4
Public Lease Revenue Bond	1,872	2.7	1,903	2.4	-1.6
Revenue Anticipation Note	0	0.0	4	0.0 ⁴	-100.0
Revenue Bond	1,565	2.2	1,180	1.5	32.7
Special Assessment Bond	439	0.6	324	0.4	35.6
Sales Tax Revenue Bond	416	0.6	1,310	1.6	-68.2
Tax Allocation Bond	2,542	3.6	4,372	5.4	-41.9
Tax Allocation Note	18	0.0	16	0.0	10.6
Subtotal, Long-Term Issuance	\$57,478	81.6%	\$58,258	72.5%	-1.3%
Short-Term Issuance					
Bond Anticipation Note	\$8	0.0%	\$120	0.1%	-93.3%
Certificates of Participation/Leases	0 ⁵	0.0 ⁶	0	0.0	N/A
Commercial Paper	794	1.1	1,973	2.5	-59.8
Conduit Revenue Bond	67	0.1	2	0.0	2,591.3
Grant Anticipation Note	33	0.0	114	0.1	-71.1
Other Note	3	0.0	10,965	13.6	-100.0
Public Enterprise Revenue Bond	0 ⁷	0.0 ⁸	0	0.0	N/A
Revenue Anticipation Note	6,076	8.6	3,050	3.8	99.2
Revenue Bond	0 ⁹	0.0 ¹⁰	0	0.0	N/A
Tax Anticipation Note	0	0.0	111	0.1	-100.0
Tax Revenue and Anticipation Note	5,960	8.5	5,800	7.2	2.8
Subtotal, Short-Term Issuance	\$12,942	18.4%	\$22,136	27.5%	-41.5%
Total	\$70,419	100.0%	\$80,393	100.0%	-12.4%

¹ Totals may not add and percentages may not be exact due to rounding.

² Actual par amount for the 2003 general obligation note is \$459,875.

³ Actual percent of total issuance for the 2003 general obligation note is 0.0006 percent.

⁴ Actual percent of total issuance for the 2003 revenue anticipation note is 0.005 percent.

⁵ Actual par amount for the 2004 certificates of participation/leases is \$92,644.

⁶ Actual percent of total issuance for the 2004 certificates of participation/leases is 0.0001 percent.

⁷ Actual par amount for the 2004 public enterprise revenue bond is \$160,000.

⁸ Actual percent of total issuance for the 2004 public enterprise revenue bond is 0.0002 percent.

⁹ Actual par amount for the 2004 revenue bond is \$185,000.

¹⁰ Actual percent of total issuance for the 2004 revenue bond is 0.0003 percent.

**Figure 4
New Issuance and Refunding Issuance*
2004 and 2003
(Dollars in Millions)**

	2004		2003		Percent Change in Par Amount Issued 2003 to 2004
	Amount of Issuance	Percent of Total Issuance	Amount of Issuance	Percent of Total Issuance	
New Issuance	\$55,530	78.9 %	\$56,562	70.4 %	-1.8 %
Refunding Issuance	14,889	21.1	23,831	29.6	-37.5
Total	\$70,420	100.0 %	\$80,393	100.0 %	-12.4 %

*Totals may not add and percentages may not be exact due to rounding.

**Figure 5
State and Local Issuance*
Total Issuance and Refunding Issuance
2004 and 2003
(Dollars in Millions)**

	2004			2003		
	Amount of Issuance	Amount of Refunding	Refunding % of Total Statewide Issuance	Amount of Issuance	Amount of Refunding	Refunding % of Total Statewide Issuance
State Issuance	\$31,461	\$4,489	6.4 %	37,036	\$7,617	9.5 %
Local Issuance	38,590	10,279	14.6	42,836	15,840	19.7
Student Loan Corporations	369	122	0.2	521	374	0.5
Total	\$70,420	\$14,889	21.1 %	80,393	\$23,831	29.6 %

*Totals may not add and percentages may not be exact due to rounding.

C. California Public Issuance by Type and Purpose

Figure 6 (page 8) shows 2004 state and local government issuance by type. As in 2003, bonds made up the largest category of public issuance (\$53.5 billion or 75.9 percent). State issuance comprised 46.5 percent (\$24.8 billion) of bonds issued and local issuance comprised 52.9 percent (\$28.3 billion). Student loan corporations issued \$368.5 million in conduit revenue bonds. For state issues, bonds issued ranged from as high as \$10.9 billion (the Economic Recovery general obligation bonds) to as low as a \$20,000 general obligation bond for college/university facilities. The range in bond issuance for local issuers was from \$750.0 million in conduit revenue bonds for hospital and health care facilities to an \$87,951 special assessment bond for street construction and improvements.

The next largest category of state and local government issuance was notes (\$12.9 billion or 18.3 percent). State agencies issued \$6.6 billion in notes; \$6.0 billion were for revenue anticipation notes, which were for interim project financing. Local issuance (which totaled \$38.6 billion) ranged from approximately \$6.0 billion in tax and revenue anticipation notes (\$2.0 billion of which was for K-12 education) to \$17.5 million in tax allocation notes, the majority of which were used for redevelopment purposes.

Smaller categories of issuance include certificates of participation (\$3.3 billion or 4.7 percent), commercial paper (\$794.1 million or 1.1 percent), and other debt (\$956,849 or 0.001 percent). All funds for certificates of participation/leases, commercial paper, and other debt were issued by local agencies.

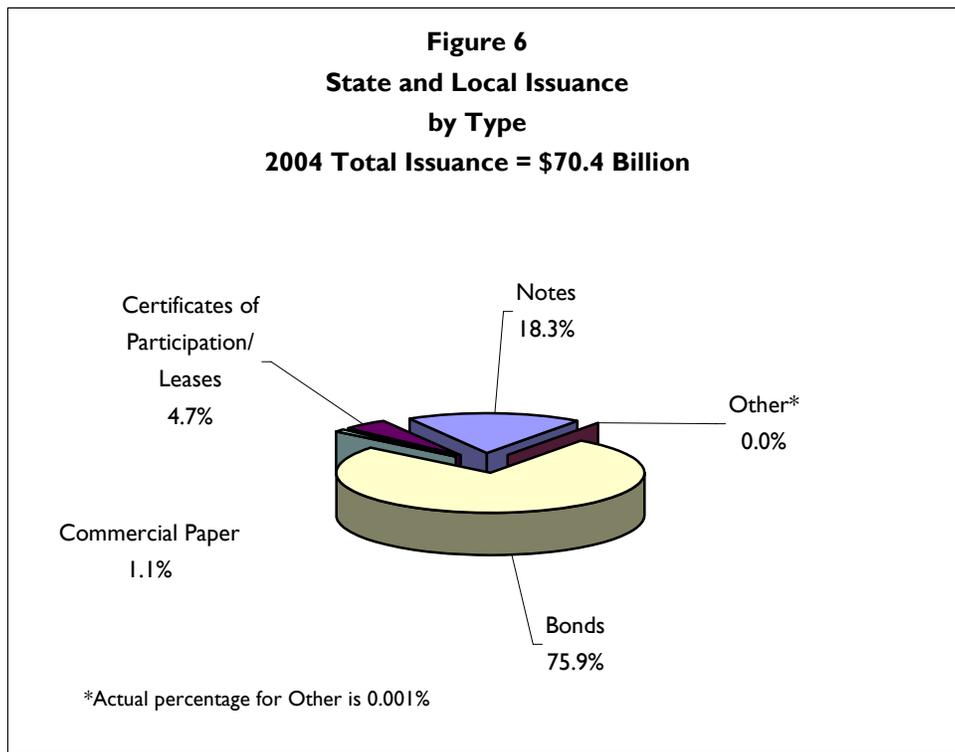
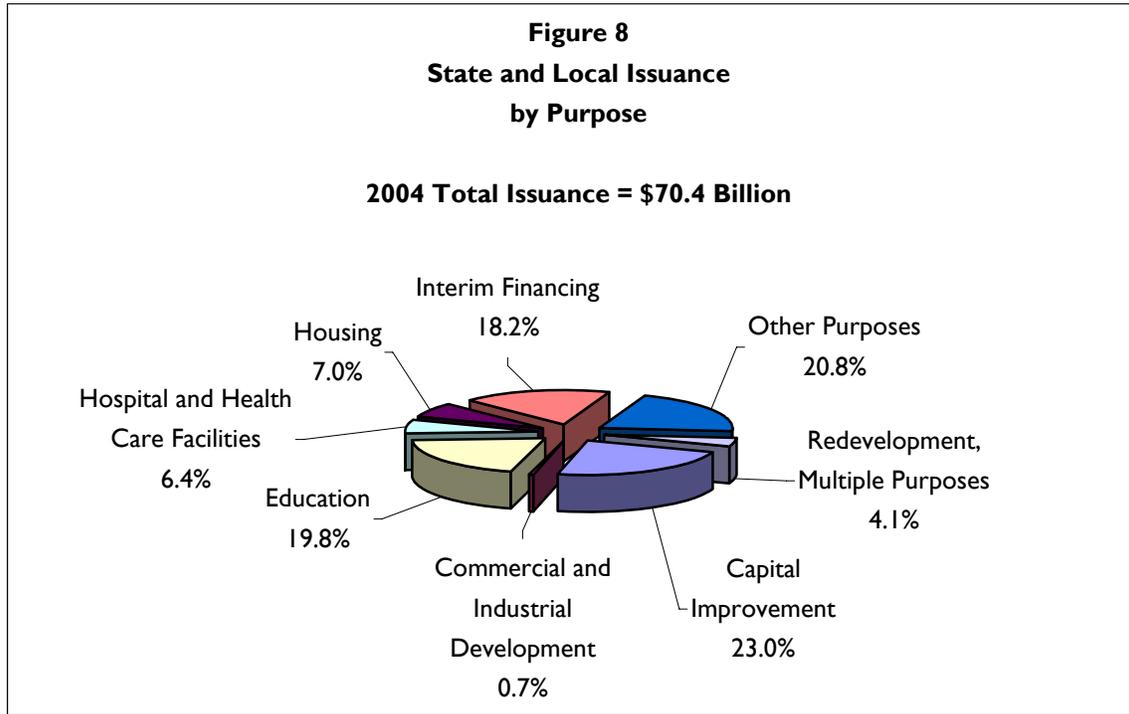


Figure 7 (page 9) displays state, local, and student loan issuance by purpose. Redevelopment (\$12.0 billion), interim financing (\$6.0 billion), and education (\$5.6 billion) are the three largest areas of state issuance. As in 2003, major local issuance categories include capital improvements (\$13.1 billion), education (\$8.0 billion), and interim financing (\$6.8 billion). The entire \$369.0 million bond issuance from student loan corporations was for education. As seen in Figure 8 on page 9, capital improvements (23.0 percent), other (20.8 percent), education (19.8 percent), and interim financing (18.2 percent) had the largest percentage of issuance.

Figure 7
2004 California Public Issuance
by Purpose and Issuer*
(Dollars in Millions)

Purpose	Amount of Issuance			Total	Percent of Total Issuance
	State	Local	Student Loan Corporations		
Capital Improvements	\$3,073	\$13,119	\$0	\$16,192	23.0%
Commercial and Industrial Development	430	56	0	486	0.7
Education	5,571	8,021	369	13,960	19.8
Hospital and Health Care Facilities	1,716	2,777	0	4,494	6.4
Housing	2,621	2,316	0	4,938	7.0
Interim Financing	6,000	6,828	0	12,828	18.2
Redevelopment	12	2,858	0	2,870	4.1
Other Purposes	12,036	2,615	0	14,651	20.8
Total	\$31,461	\$38,590	\$369	\$70,420	100.0%

*Totals may not add and percentages may not be exact due to rounding.



D. Competitive and Negotiated Financings

Competitive Sales: A competitive financing allows an issuer to award a bond sale to an underwriter with the lowest sealed bid. A competitive sale offers an issuer the following advantages: the possibility of lower spreads, an open process which helps the issuer avoid any accusation of unfairness or impropriety, and an incentive for underwriters to keep interest costs low.

Although competitive sales offer several benefits, disadvantages can include less flexibility, risk premiums because the underwriter cannot market the sale in advance, and the issuer has limited control over underwriter selection and bond distribution. A competitive sale is held at a specified time and place, which is announced in a published notice of sale.

In 2004, the percentage share of the par amount sold in competitive financings was 10.7 percent or \$7.5 billion out of \$70.4 billion (see Figure 10 on page 12). The actual number of competitive financings was only 256 out of 1,937 bond issues (13.2 percent). Five of the 37 types of government issuers used competitive bidding for 25 percent or more for their bond sales. However, all their issues combined account for only 5.5 percent of all 2004 issues. Of the 37 types of government issuers, only two competitively bid more than 50 percent of their financings: the State (73.4 percent or 58 out of 79 issuances) and non-profit corporations (57.1 percent or four out of seven issuances).

Negotiated Sales: A negotiated sale involves the sale of bonds in which the terms and price are negotiated through an exclusive contract with a previously selected underwriter. Advantages to a negotiated sale include the flexibility to sell the bonds at any time and, depending on varying conditions, the ability to change the structure of the issue. This flexibility also allows the issuer to change the negotiated sale date, if necessary.

Disadvantages of a negotiated sale are lack of competition in the pricing, wide fluctuations in a spread, and the potential appearance of favoritism. A lack of competition in the pricing occurs when the bond pricing is less subject to the rigors of competition, as the underwriter obtains the exclusive right to purchase the bonds in advance of the pricing. During the pricing, the interest rates could be structured to protect the profit margin of the underwriter, not to keep the issuer's borrowing costs as low as possible. Wide fluctuations in a spread are a result of an underwriter providing services that an issuer might not even need, such as a range of financial services that are in addition to the actual underwriting of the bonds. Therefore, the chance for wide fluctuations in a spread between comparable deals is greater in a negotiated environment. Finally, because underwriter selection is based on quantitative and qualitative factors, negotiated sales can be subject to allegations of impropriety. Issuers must be prepared to defend their underwriter selection criteria, as well as their ultimate cost of borrowing, to avoid the appearance of impropriety.

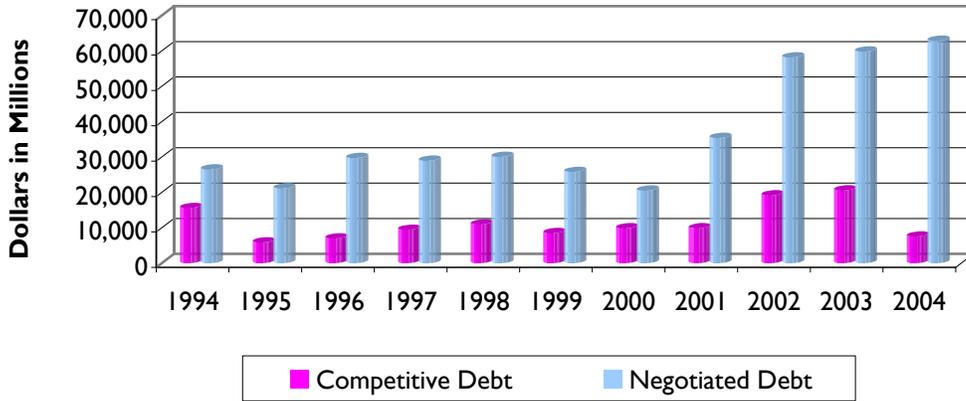
Nineteen types of government issuers issued their bonds solely through negotiated sales, although the actual number of bonds sold were only nine percent of all bond sales (175 out of 1,937). The two government issuer types that had the most negotiated sales were Marks-Roos issuers and K-12 issuers. Marks-Roos issuers issued 97.1 percent of their bonds through negotiated sales (233 out of 240) and K-12 issuers sold 84.1 percent (536 out of 637 of their bonds via negotiated sales).

Figure 9 on page 11 provides a comparison of competitive and negotiated financings from 1994 through 2004. For the first time since 1996, the percentages for competitive sales (13.2 percent) fell below 20 percent and negotiated sales rose to almost 90 percent (86.8 percent). Competitive financings, as a share of total par amount, decreased 63.4 percent, from \$20.6 billion in 2003 to \$7.5 billion in 2004. The par amount for negotiated financings increased 5.1 percent, from \$59.8 billion in 2003 to \$62.9 billion in 2004. Continuing the trend from previous years, negotiated financings remained the preferred method for selling bonds.

Figure 9
Comparison of 2004
Negotiated and Competitive Sales

Types of Issuers	Negotiated Sales		Competitive Sales		Total Sales	Percent of Total Issues
	Number	Percent	Number	Percent		
Air Pollution Control, Quality Management Districts	1	100.0%	0	0.0%	1	0.1%
County Boards of Education	16	94.1	1	5.9	17	0.9
Community College Districts	71	94.7	4	5.3	75	3.9
Community Facilities Districts	155	93.9	10	6.1	165	8.5
Cities	181	82.6	38	17.4	219	11.3
Counties	69	95.8	3	4.2	72	3.7
County Water Districts	1	100.0	0	0.0	1	0.1
Community Services Districts	6	100.0	0	0.0	6	0.3
City/County Governments	8	72.7	3	27.3	11	0.6
State Programs & Departments	31	100.0	0	0.0	31	1.6
Flood Control, Water Conservation Districts	1	100.0	0	0.0	1	0.1
Fire Protection Districts	14	100.0	0	0.0	14	0.7
Housing Authorities	32	100.0	0	0.0	32	1.7
Hospital Districts	11	84.6	2	15.4	13	0.7
Harbor Port Districts	5	100.0	0	0.0	5	0.3
Irrigation Districts	4	100.0	0	0.0	4	0.2
Industrial Develop Authorities	6	100.0	0	0.0	6	0.3
State Instrumentalities	48	100.0	0	0.0	48	2.5
Joint Powers Agencies	61	88.4	8	11.6	69	3.6
Marks-Roos Issuers	233	97.1	7	2.9	240	12.4
Metropolitan Water Districts	6	100.0	0	0.0	6	0.3
Municipal Utility Districts	1	100.0	0	0.0	1	0.1
Municipal Water Districts	4	100.0	0	0.0	4	0.2
Non-Profit Corporations	3	42.9	4	57.1	7	0.4
Park & Recreation Districts	3	75.0	1	25.0	4	0.2
Public Utility Districts	3	75.0	1	25.0	4	0.2
Redevelopment Agencies	101	90.2	11	9.8	112	5.8
K-12 School Districts	537	84.1	101	15.9	638	32.9
State Joint Powers Agencies	5	100.0	0	0.0	5	0.3
Student Loan Corporations	3	100.0	0	0.0	3	0.2
State	21	26.6	58	73.4	79	4.1
Transit Authorities	9	90.0	1	10.0	10	0.5
Transit Districts	4	100.0	0	0.0	4	0.2
Water Agencies, Authorities	4	80.0	1	20.0	5	0.3
Water Conservation Districts	1	100.0	0	0.0	1	0.1
Water Districts	21	91.3	2	8.7	23	1.2
Water and Power Agencies	2	100.0	0	0.0	2	0.1
Total	1,682	86.8%	256	13.2%	1,938	100.0%

Figure 10
California Public Issuance
Competitive Debt vs. Negotiated Debt
1994 through 2004



SECTION III.

**STATE OF CALIFORNIA
BOND ISSUANCE**

State Issuance by Type

As shown in Figure 11, bond issuance for state agencies decreased from approximately \$37.0 billion in 2003 to \$31.5 billion in 2004 (-15.1 percent). State issuance declined in four areas: other notes (-99.9 percent), public enterprise revenue bonds (-63.3 percent), and revenue bonds (pool) (there was no issuance in this category in 2004).

Increases in State issuance were for general obligation bonds (122.7 percent), public lease revenue bonds (103.2 percent), and revenue anticipation notes (100.0 percent). The increase in general obligation bonds was due to \$10.9 billion in Economic Recovery bonds issued to finance a portion of the state's budget deficit. The increase in public lease revenue bond issuance was largely due to an issuance of \$474.1 million for mental health facilities and \$280.1 million for prison facilities. The revenue anticipation notes were issued for cash flow/interim financing purposes.

Figure 11
State Bond Issuance by Type¹
2004 and 2003
(Dollars in Millions)

Type	2004	Percent of Total Issuance	2003	Percent of Total Issuance	Percent Change in Par Amount Issued 2003 to 2004
Bonds					
Conduit Revenue Bonds	\$4,300	13.7%	\$3,975	10.7%	8.2%
General Obligation Bonds	17,526	55.7	7,869	21.2	122.7
Other Bond	750	2.4	5,572	15.0	-86.5
Public Enterprise Revenue Bonds	1,299	4.1	3,536	9.5	-63.3
Public Lease Revenue Bonds	946	3.0	465	1.3	103.2
Revenue Bonds (Pool)	0	0.0	28	0.1	-100.0
Tax Allocation Bonds	12	0.0 ²	0	0.0	N/A
Subtotal, Bonds	\$24,832	78.9%	\$21,445	57.9%	15.8%
Commercial Paper	\$0	0.0%	\$1,610	4.3%	-100.0%
Notes					
Bond Anticipation Notes	\$0	0.0%	\$10	0.0% ³	-100.0%
Grant Anticipation Notes	615	2.0	0	0.0	N/A
Other Notes	13	0.0 ⁴	10,970	29.6	-99.9
Revenue Anticipation Notes	6,000	19.1	3,000	8.1	100.0
Subtotal, Notes	\$6,628	21.1%	\$13,980	37.7%	-52.6%
Total	\$31,461	100.0%	\$37,036	100.0%	-15.1%

¹ Does not include student loan corporations. Totals may not add and percentages may not be exact due to rounding.

² Actual percent of total issuance for 2004 tax allocation bonds is 0.04 percent.

³ Actual percent of total issuance for 2003 bond anticipation notes is 0.028 percent.

⁴ Actual percent of total issuance for 2004 other notes is 0.04 percent.

State Issuance by Purpose

As shown in Figure 12, the largest increase in state issuance by purpose in 2004 was in commercial and industrial development bonds (2,943.5 percent). This increase was mainly due to a refunding bond issued for \$345.0 million for a 1992 and 1993 loan to Pacific Gas and Electric Company. The next most significant increase was in the "other" category. The "other" category increased from \$5.9 billion in 2003 to nearly \$12.0 billion in 2004, largely due to the issuance of the Economic Recovery bonds (102.7 percent).

Issuance declined for interim financing (-61.1 percent), education (-37.4 percent), and housing projects in 2004 (-0.3 percent). The 61.1 percent decrease in interim financing is due to the fact that, in 2003, the State issued \$11.0 billion in revenue anticipation warrants for the cash management program for the 2002-03 and 2003-04 fiscal years.

Figure 12
State Bond Issuance by Purpose¹
2004 and 2003
(Dollars in Millions)

Purpose	2004		2003		Percent Change in Par Amount Issued 2003 to 2004
	Amount of Issuance	Percent of Total Issuance	Amount of Issuance	Percent of Total Issuance	
Capital Improvements/Public Works	\$3,073	9.8%	\$3,052	8.2%	0.7%
Commercial/Industrial Development	430	1.4	14	0.0 ²	2,943.5
Education	5,571	17.7	8,895	24.0	-37.4
Hospital/Health Care	1,716	5.5	1,074	2.9	59.9
Housing	2,621	8.3	2,628	7.1	-0.3
Interim Financing	6,000	19.1	15,436	41.7	-61.1
Other	12,036	38.3	5,937	16.0	102.7
Redevelopment	12	0.0 ³	0	0.0	N/A
Total	\$31,461	100.0%	\$37,036	100.0%	-15.1%

¹ Does not include student loan corporations. Totals may not add and percentages may not be exact due to rounding.

² Actual percent of total issuance for commercial/industrial development is 0.038 percent.

³ Actual percent of total issuance for redevelopment is 0.039 percent.

SECTION IV.

**LOCAL AGENCY
BOND ISSUANCE**

Local Issuance by Type

As shown in Figure 13 on page 16, local agencies decreased bond issuance from \$42.8 billion in 2003 to \$38.6 billion in 2004 (-9.9 percent). The largest decline in local issuance occurred in the following areas:

- **Tax Anticipation Notes:** Decrease because there were tax anticipation notes issued in 2004.
- **Grant Anticipation Notes:** Grant anticipation notes decreased from \$137.0 million in 2003 to \$33.0 million in 2004 (-75.9 percent). The largest grant anticipation note (\$21.6 million) was for capital improvements to the Caltrain commuter rail service.
- **Bond Anticipation Notes:** This category decreased from \$156.0 million in 2003 to \$41.0 million (-73.8 percent). The notes were issued for water, wastewater, and a power and a telecommunications system.
- **Sales Tax Revenue Bonds:** Sales tax and revenue bonds decreased from \$1.3 billion in 2003 to \$416.0 million in 2004 (-68.2 percent), which contrasts with the considerable increase in the category between 2002 and 2003 (4,454.2 percent). In 2004, all of the sales tax revenue bonds were refundings and they were issued for public transportation.

By contrast, the largest increases in local agency issuance were in the following areas:

- **Commercial Paper:** The majority of the 118.9 percent increase of commercial paper issuance is due to a non-profit municipal improvement corporation's issuing \$200.0 million in bonds to acquire equipment and real property to be used by a city for various municipal reasons, a transportation authority issuing \$200.0 million for public transit, and a city agency issuing \$200.0 million for a power system.
- **Other Bonds:** The \$2.3 billion issuance for insurance/pension funds and \$500 million in housing are the major reasons that the other bonds category increased 59.0 percent in 2004.
- **Conduit Revenue Bonds:** Conduit revenue bonds increased from \$3.2 billion in 2003 to \$4.5 billion in 2004 (40.0 percent) due to the issuance of nearly \$1.6 billion for hospital and health care facilities and \$1.3 billion for college, multi-family, and single family housing.

Figure 13
Local Issuance by Type¹
2004 and 2003
(Dollars in Millions)

Type	2004		2003		Percent Change in Par Amount Issued 2003 to 2004
	Amount of Issuance	Percent of Total Issuance	Amount of Issuance	Percent of Total Issuance	
Bonds					
Conduit Revenue Bonds	\$4,479	11.6%	\$3,199	7.5%	40.0%
General Obligation Bonds	7,228	18.7	8,303	19.4	-12.9
Limited Tax Obligation Bonds	1,568	4.1	1,387	3.2	13.0
Other Bonds	2,948	7.6	1,854	4.3	59.0
Public Enterprise Revenue Bonds	6,166	16.0	8,398	19.6	-26.6
Public Lease Revenue Bonds	917	2.4	1,438	3.4	-36.2
Revenue Bonds (Pool)	1,566	4.1	1,152	2.7	36.0
Sales Tax Revenue Bonds	416	1.1	1,310	3.1	-68.2
Special Assessment Bonds	439	1.1	324	0.8	35.6
Tax Allocation Bonds	2,530	6.6	4,372	10.2	-42.1
Subtotal, Bonds	\$28,257	73.2%	\$31,736	74.1%	-11.0%
Certificates of Participation/Leases	\$3,313	8.6%	\$4,353	10.2%	-23.9%
Commercial Paper	\$794	2.1%	\$363	0.8%	118.9%
Notes					
Bond Anticipation Notes	\$41	0.1%	\$156	0.4%	-73.8%
Grant Anticipation Notes	33	0.1	137	0.3	-75.9
Other Notes	98	0.3	109	0.3	-10.3
Revenue Anticipation Notes	76	0.2	54	0.1	40.5
Tax Allocation Notes	18	0.0	16	0.0	10.6
Tax and Revenue Anticipation Notes	5,960	15.4	5,800	13.5	2.8
Tax Anticipation Notes	0	0.0	111	0.3	-100.0
Subtotal, Notes	\$6,226	16.1%	\$6,383	14.9%	-2.5%
Other Debt	\$1.0	0.0%²	\$2.0	0.0%³	-36.7%
Total	\$38,590	100.0%	\$42,836	100.0%	-9.9%

¹ Totals may not add and percentages may not be exact due to rounding.

² Actual percent of total issuance for 2004 other debt is .0025 percent.

³ Actual percent of total issuance for 2003 other debt is .0035 percent.

Local Issuance by Purpose

As in 2003, the majority of the bond issuance in 2004 was used for capital improvements and public works (34.0 percent) and education (20.8 percent); however, bond issuance decreased for capital improvements and public works (-21.5 percent) and education (-13.0 percent) from 2003 to 2004 (see Figure 14). In the area of capital improvements and public works, most of the bond issuance was for power generation/transmission (\$1.6 billion), water and wastewater (\$4.3 billion), and public transportation (\$1.5 billion). Of the \$8.0 billion issued for education projects, \$6.6 billion (82.7 percent) was used for K-12 facilities, followed by \$1.4 billion (17.3 percent) for college and university facilities.

The two largest increases in local bond issuance from 2003 to 2004 were for hospital and health care facilities and "other" projects. Hospital and health care facilities increased from \$1.2 billion in 2003 to \$2.8 billion in 2004 (135.5 percent). Issuance for other projects increased from \$1.7 billion in 2003 to \$2.6 billion in 2004 (50.3 percent). Some of the projects in the other category include issuance for a center for the arts (\$29.3 million), a judgment obligation (\$20.0 million), and a delinquent tax project (\$2.3 million). In addition to capital improvement and public works, decreases in local issuance occurred in commercial and industrial development (-70.2 percent) and redevelopment (-39.9 percent).

Figure 14
Local Issuance by Purpose*
2004 and 2003
(Dollars in Millions)

Purpose	2004		2003		Percent Change in Par Amount Issued 2003 to 2004
	Amount of Issuance	Percent of Total Issuance	Amount of Issuance	Percent of Total Issuance	
Capital Improvement and Public Works	\$13,119	34.0%	\$16,719	39.0%	-21.5%
Commercial and Industrial Development	56	0.1	189	0.4	-70.2
Education	8,021	20.8	9,218	21.5	-13.0
Hospital and Health Care Facilities	2,777	7.2	1,179	2.8	135.5
Housing	2,316	6.0	2,426	5.7	-4.5
Interim Financing	6,828	17.7	6,609	15.4	3.3
Other	2,615	6.8	1,740	4.1	50.3
Redevelopment/Multiple Purposes	2,858	7.4	4,755	11.1	-39.9
Total	\$38,590	100.0%	\$42,836	100.0%	-9.9%

*Totals may not add and percentages may not be exact due to rounding.

SECTION V.

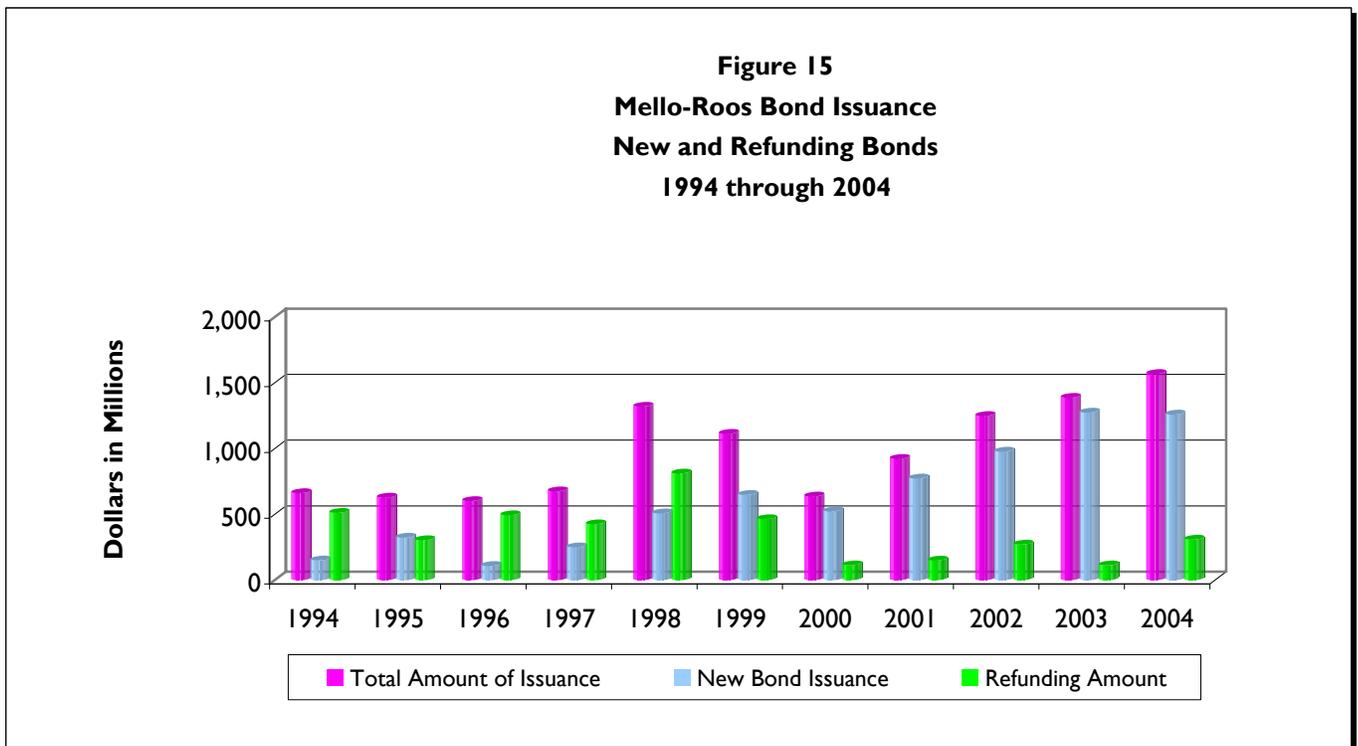
**MELLO-ROOS COMMUNITY
FACILITIES DISTRICT**

OVERVIEW

The Mello-Roos Community Facilities District (CFD) Act of 1982 established a means for public agencies to structure a separate district to finance school facilities and capital improvements, such as libraries, parks, public utilities, etc.

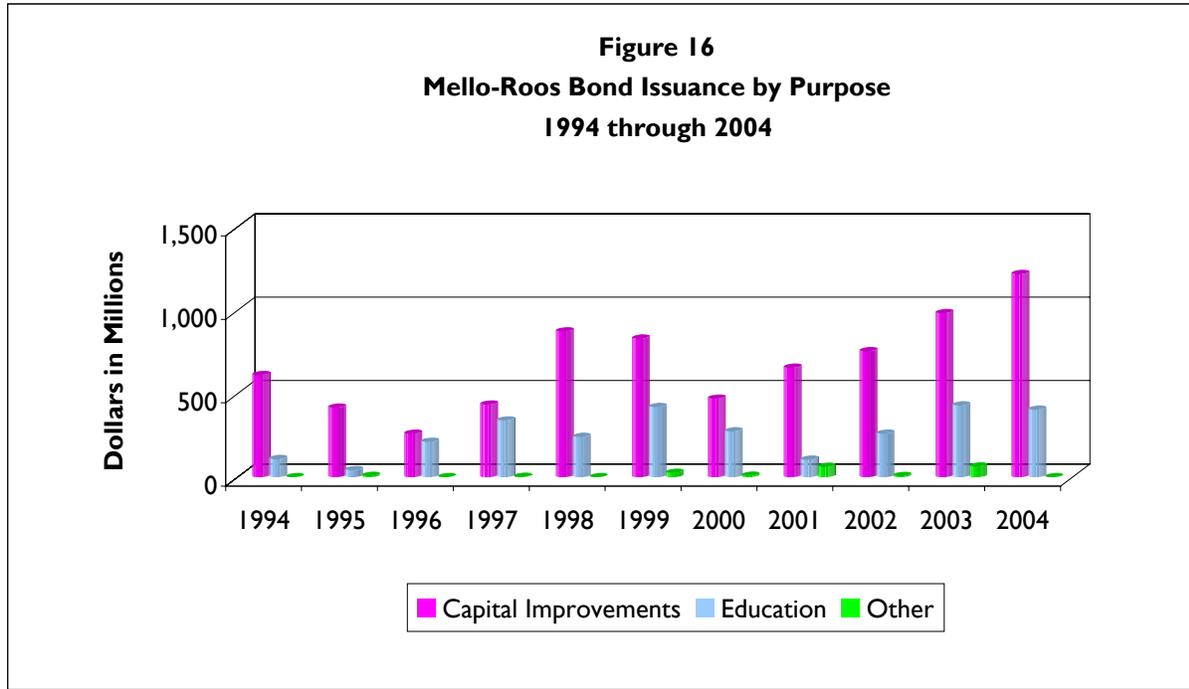
A. New and Refunding Mello-Roos Bonds

Figure 15 shows the change in Mello-Roos bond issuance (new and refunding bonds) from 1994 through 2004. In 2004, Mello-Roos CFDs sold 165 issues, which totaled almost \$1.6 billion. Mello-Roos total issuance increased from approximately \$1.4 billion in 2003 to almost \$1.6 billion in 2004 (13.0 percent). New issuance decreased \$1.274 billion in 2003 to \$1.259 billion in 2004 (-1.2 percent), but refunding bonds increased from \$112.9 million in 2003 to \$308.6 million in 2004 (173.3 percent).



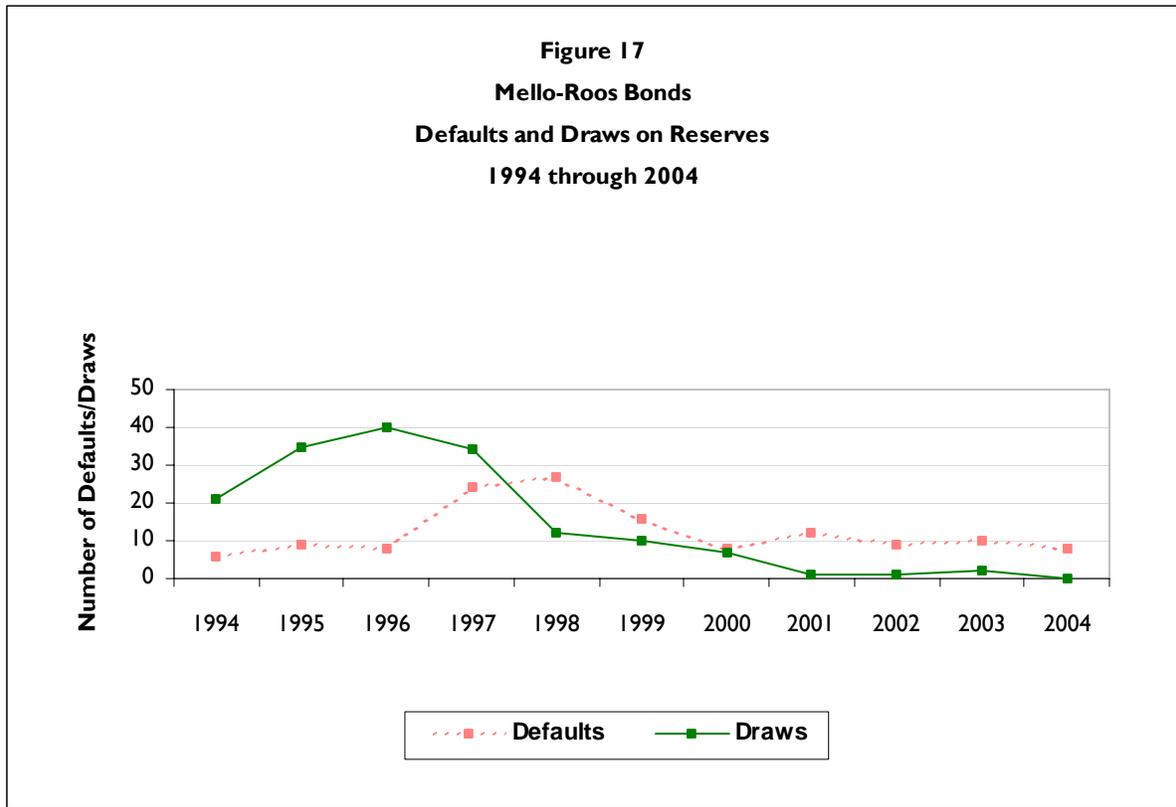
B. Mello-Roos Bonds Issued by Purpose

The dollar amount of Mello-Roos bonds issued by purpose from 1994 through 2004 is shown below in Figure 16. Capital improvements have been the predominant purpose, for more than ten years. Mello-Roos bonds for capital improvements increased from \$982.8 million in 2003 to \$1.2 billion in 2004 (23.8 percent). Mello-Roos bonds issued for education in 2004 totaled \$350.8 million, a decrease from the \$404.2 million that was issued in 2003 (-13.2 percent). There were no issuances in the other purpose category in 2004.



C. Defaults and Draws on Reserves

California Government Code Section 53359.5 requires issuers of defaulted (i.e., non-payment of principal and interest on any scheduled payment date) Mello-Roos bonds or Mello-Roos bonds that have a draw on the reserve funds to pay principal and interest on the bonds, to report this information to CDIAC on a yearly basis. Figure 17 shows Mello-Roos bonds that have defaulted or have had a draw on reserves from 1994 through 2004. In 2004, the number of defaults was eight, a 20.0 percent decrease from 2003⁴.



Additional information on Mello-Roos CFDs and their defaults/draws is available in CDIAC's *Mello-Roos Communities Facilities Districts Yearly Fiscal Status Report*, which is issued every two years. CDIAC also periodically reports on defaults and draws on its website at www.treasurer.ca.gov/cdiac.

⁴ The number of Mello-Roos defaults was actually ten, not 11 as was reported in CDIAC's *2003 Annual Report*.

SECTION VI.

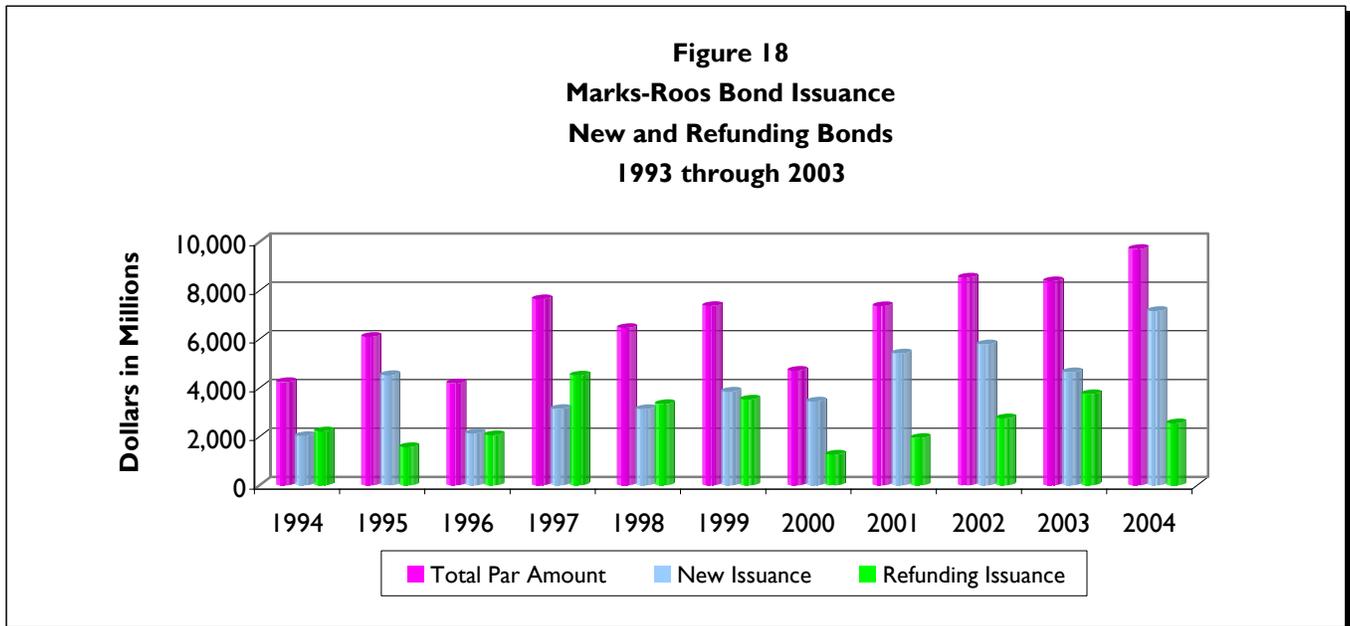
**MARKS-ROOS
BOND ISSUANCE**

OVERVIEW

The Marks-Roos Local Bond Pooling Act of 1985 allows Joint Powers Authorities (JPAs) to issue bonds for a variety of purposes. Chapter 723, Statutes of 2001, requires certain JPAs issuing Marks-Roos bonds to file copies of any public hearing notice and resolutions of intent to issue debt with CDIAC and the Office of the Attorney General. Exemptions to this requirement are granted to JPAs issuing Marks-Roos bonds for certain purposes under Government Code Section 6586.5 (et seq.) and Article 1 of the Marks-Roos Act. These exemptions include issuance for transportation, under grounding of utility and communication lines, public school facilities, and public highways.

A. New and Refunding Marks-Roos Bonds

A comparison of the total, new, and refunding bond issuance from 1994 through 2004 is found in Figure 18 below. In 2004, new Marks-Roos bond issuance increased from \$4.6 billion in 2003 to \$7.2 billion in 2004 (54.3 percent); however, refundings decreased from \$3.7 billion in 2003 to \$2.5 billion in 2004 (-32.0 percent). Overall, the total dollar amount of Marks-Roos bonds increased from \$8.4 billion in 2003 to \$9.7 billion in 2004 (15.8 percent).



B. Marks-Roos Bond Issuance by Purpose

Figure 19 compares Marks-Roos bond issuance by purpose for 2003 and 2004. The largest par amount of Marks-Roos bonds was issued for capital improvements purposes (47.0 percent in 2003 and 39.3 percent in 2004); the amount of capital improvement bonds issued decreased from \$3.9 billion in 2003 to \$3.8 billion in 2004 (-3.2 percent). Marks-Roos bonds issued for hospital and health care facilities increased from \$992.2 million in 2003 to \$2.4 billion in 2004 (144.4 percent). As in 2003, commercial and industrial development bond issuance made up the smallest share of total issuance at 0.1 percent. Commercial and industrial development issuance had the greatest percent decrease going from \$145.5 million issued in 2003 to \$13.7 million in 2004 (90.6 percent). Redevelopment bond issuance also decreased from \$1.1 billion in 2003 to \$1.0 billion in 2004 (-11.8 percent).

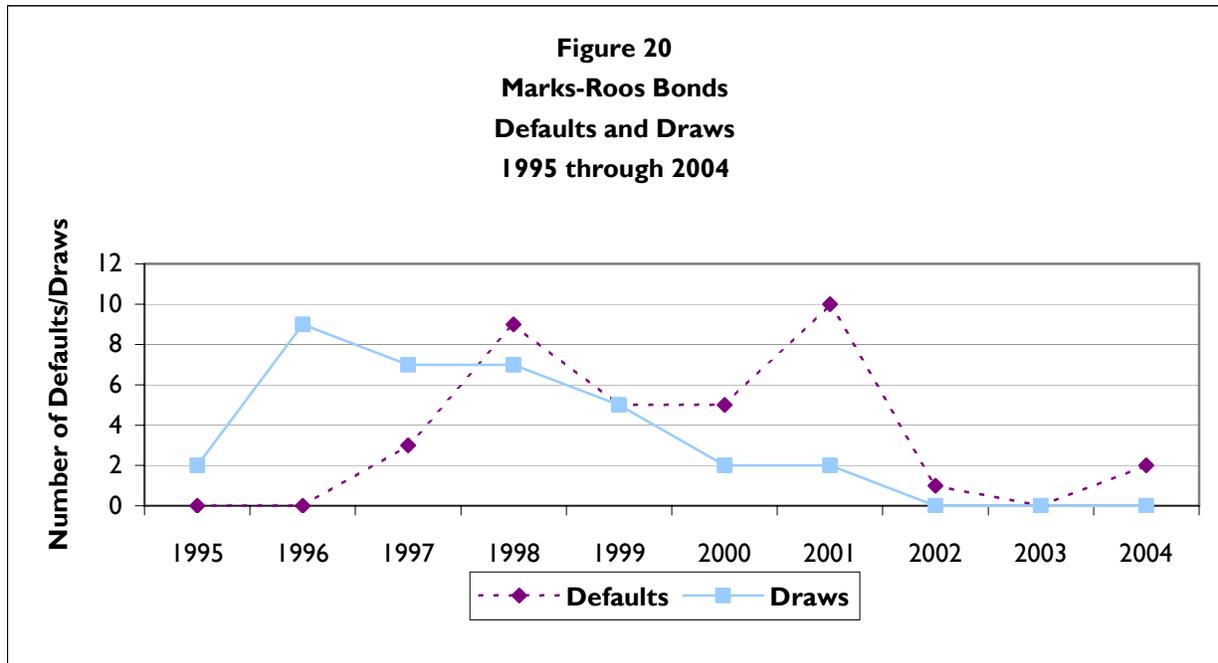
Figure 19
Marks-Roos Bond Issuance by Purpose*
2004 and 2003
(Dollars in Millions)

	2004		2003		Percent Change in Par Amount Issued 2003 to 2004
	Amount of Issuance	Percent of Total	Amount of Issuance	Percent of Total	
Capital Improvements	\$3,815	39.3%	\$3,941	47.0%	-3.2%
Commercial and Industrial Development	14	0.1	146	1.7	-90.6
Education	565	5.8	273	3.3	107.1
Hospital and Health Care Facilities	2,425	25.0	992	11.8	144.4
Housing	1,336	13.8	1,446	17.2	-7.6
Interim Financing	221	2.3	140	1.7	57.8
Other	329	3.4	312	3.7	5.6
Redevelopment	1,007	10.4	1,142	13.6	-11.8
Total	\$9,712	100.0%	\$8,390	100.0%	15.8%

*Totals may not add and percentages may not be exact due to rounding.

C. Defaults and Draws on Reserves

In 2004, there were only two Marks-Roos defaults and no draws on reserves, which is somewhat similar to 2002 when there was only one default and no draws on reserves (see Figure 20). The years 1996 through 2001 had the most fluctuation and highest number of defaults and draws on reserves. The data for 2003⁵ is noteworthy because there were none reported.



Additional information on Marks-Roos issuances and their defaults/draws on reserves is available in CDIAC's *Marks-Roos Bond Pooling Act Participants Yearly Fiscal Status Report and Draw on Reserve Default Report*, which is issued every two years.

⁵ The number of defaults and draws on reserves is zero, not eleven and two, respectively, as reported in CDIAC's *2003 Annual Report*.

SECTION VII.

**THE CALIFORNIA DEBT
AND INVESTMENT
ADVISORY COMMISSION**

The California Debt and Investment Advisory Commission (CDIAC) provides information, education and technical assistance on public issuance, investments, and economic development financing tools to state and local public agencies and other public finance professionals. The Commission was created in 1981 with the passage of Chapter 1088, Statutes of 1981 (AB 1192, Costa). This legislation established the California Debt Advisory Commission as the State's clearinghouse for public issuance information and required it to assist state and local agencies with the monitoring, issuance, and management of public financings (see Appendix A). The Commission's name was changed to the California Debt and Investment Advisory Commission with the passage of Chapter 833, Statutes of 1996 (AB 1197, Takasugi) and its mission was expanded to cover public investments. The Commission is specifically required to:

- Serve as the State's clearinghouse for public issuance information.
- Publish a monthly newsletter.
- Maintain contact with participants in the municipal finance industry to improve the market for public issuance.
- Provide technical assistance to state and local governments to reduce issuance costs and protect the issuers' credit.
- Undertake or commission studies on methods to reduce issuance costs and improve credit ratings.
- Recommend legislative changes to improve the sale and payment of public issuances.
- Assist state financing authorities and commissions in carrying out their responsibilities.
- Collect specific financing information on public issuance through Mello-Roos Community Facilities Districts after January 1, 1993 or as a member of a Marks-Roos Bond Pool beginning January 1, 1996; collect reports of draws on reserves or defaults from Mello-Roos Community Facilities Districts and Marks-Roos bond pools from public financing agencies required to report within 10 days of each occurrence.
- In conjunction with statewide associations representing local agency financial managers and elected officials, develop a continuing education program aimed at state and local officials who have direct or supervisory responsibility for the investment of public funds and issuance of public debt.
- Collect 2nd and 4th quarter financial investment reports as well as annual investment policies from cities and counties to further CDIAC's educational responsibilities.
- Receive notice of public hearings and copies of resolutions adopted by a Joint Powers Authority for certain bonds authorized pursuant to Marks-Roos Local Bond Pooling Act of 1985.

A. Commission Members

The Commission consists of nine members, including the State Treasurer, the Governor or the Director of Finance, the State Controller, two local government finance officials, two State Assembly Members, and two State Senators. The State Treasurer serves as the Chairperson and appoints the two local government officials. The Speaker of the Assembly appoints the Assembly representatives and the Senate Rules Committee appoints the Senate representatives. Appointed members serve four-year terms, or at the pleasure of their appointing power. The Commission directs the activities of the staff.

The 2004 Commission members included: Phil Angelides, State Treasurer; Arnold Schwarzenegger, Governor, or Tom Campbell, Director of Finance; Steve Westly, State Controller; State Senator Charles Poochigian; State Senator Mike Machado; State Assembly Member Judy Chu; Susan Leal, General Manager, San Francisco Public Utilities Commission; and Donna Linton, Assistant County Administrator, County of Alameda.

B. Commission Programs

In order to carry out its mission of assisting state and local agencies on matters related to public financings and management, the investment of public funds, and economic development financing tools, CDIAC engages in a wide range of activities and functions. These activities can be classified into three general program areas: data collection, policy research, and technical assistance.

1. Data Collection

In compliance with its statutory requirements, CDIAC maintains a public issuance database. The public issuance repository is considered the most comprehensive and accessible database of California public issuance in existence. Depending on the needs of state and local governments and market conditions, the volume of data processed may range from 2,500 to 4,000 individual public issuance reports received each year. Data from these reports are the basis for public issuance statistics and analyses released by CDIAC.

As the State's clearinghouse for public issuance information, the Commission has compiled data on all public issuance in California since January 1, 1982. All state and local government issuers are required to submit issue-related information to CDIAC 30 days prior to the proposed sale date. In addition, no later than 45 days from the actual sale date, issuers are required to submit a report of final sale to the Commission. The information reported to CDIAC includes the sale date, the name of the issuer, the type of sale, the principal amount, the type of instrument, the source(s) of repayment, the purpose of the financing, the rating of the issue, and the members of the financing team.

CDIAC has instituted, for use by all bond counsels and issuers or their representatives, reporting forms to report public issuance pursuant to California Government Code Section 8855(g). CDIAC periodically updates its reporting forms (*Report of Proposed Debt Issuance* and *Report of Final Sale*). The most recent version may be obtained directly from CDIAC or by visiting its Internet website at www.treasurer.ca.gov/cdiac.

The results of the report submissions are published in a calendar of debt issuance in the *DEBT LINE* monthly newsletter and included in annual reports on public issuance (for a complete list of CDIAC publications, see Appendix B).

ACCESS TO CDIAC DEBT ISSUANCE DATA

E-mail Distribution – E-mail subscribers receive an e-mail each month containing data on sold issues reported to CDIAC in the previous 30-day period. E-mail subscribers receive this information free of charge. Data from previous months and years are also available via e-mail free of charge.

Print Distribution – Printed debt issuance data is available free of charge.

Data on Disk Subscriptions – Subscribers receive a computer diskette each month containing the same data that is provided by e-mail. A pre-paid subscription for the calendar year costs \$77.58, including tax. Prior calendar year data may be purchased for \$6.47 per year.

CDIAC On-Line – The CDIAC website is located at www.treasurer.ca.gov/cdiac or through the State Treasurer's home page under *Boards, Authorities and Commissions*. Debt issuance data is located at www.treasurer.ca.gov/cdiac/debtdata/debtdata.htm.

The CDIAC website provides the latest statistics on state and local debt issuance from CDIAC's database, selected information about CDIAC, CDIAC publications, seminar schedules, fee schedules, reported defaults and draws on reserves for Mello-Roos and Marks-Roos financings, and reporting forms for debt issuance.

CDIAC can be contacted by e-mail at cdiac@treasurer.ca.gov.

2. Policy Research

CDIAC's mandated duties include some that are intended to improve the market for, and the marketability of, public issuance in California. Such functions include efforts to maintain contact with participants in the municipal finance industry, to undertake or commission studies of various aspects of the market in order to provide guidance to state and local government issuers, and to recommend legislative changes in matters affecting public issuers. To fulfill these functions, CDIAC's Policy Research Unit draws on information from CDIAC's public issuance database, public and private experts throughout the municipal industry, public and private finance groups, periodicals and journals, and other existing resources. Research staff are knowledgeable of developments and events in the municipal and other financial markets, and work in conjunction with the Executive Director and with input and advice from Commission members and industry participants to determine what areas of interest to conduct research and analysis. Research staff prepare their findings and recommendations in the form of Issue Briefs, technical reports, and articles for the *DEBT LINE* monthly newsletter.

Since 1996, the Commission also has been charged with providing education and assistance to local government officials on public investments. This mandate has led to the publication of several reports and to new statutory requirements (e.g., effective January 1, 2001, California cities and counties must provide copies of certain local investment reports to CDIAC twice annually if they provide those reports to their governing bodies). More recently, CDIAC has begun providing information to public officials on state financing tools available for revitalizing their communities through a resource reference guide that contains details on select state financing programs with contact information.

CDIAC researches issues that are of current interest and have practical relevance to public finance practitioners. These projects are typically designed to (1) keep issuers/investors apprised of emerging trends in public finance, (2) develop ways of reducing issuance costs, (3) provide financing options for local issuers, and (4) preserve the integrity and viability of the public finance market by alerting policy makers to potential problem areas.

Publications completed in 2004 include:

- 2003 Annual Report
- 2003 Calendar of Debt Issuance
- 2003 Marks-Roos Yearly Fiscal Status Report
- 2003 Summary of Debt Issuance
- Auction Rate Securities Issue Brief
- The Fundamentals of Interest Rate Swaps
- Investment Portfolio Reporting Practices: An Informational Guide
- Recommended Practices in the Appraisal of Real Estate for Land-Secure Financing
- State and Local Tax and Bond Ballot Measures Results of the March 2004 Primary Election
- State and Local Tax and Bond Ballot Measures Results of the November 2004 General Election
- Tools to Revitalize California Communities (updated October 2004)

Debt Line Articles completed in 2004 include:

- Review of Federal Legislation Affecting Municipal Finance
- 2003-04 State Legislative Summary
- The Fundamentals of Interest Rate Swaps
- Investment Portfolio Reporting Practices
- Recent Disclosure Proceedings Against Municipal Issuers Clarify Responsibilities
- Strategies for Finding Value in Today's Market
- Pension Obligation Bonds: The Resurgence of Taxable Munis

- 2004 Primary Election Results for Local General Obligation Bond and Tax Measures
- CDIAC Reviews Second Quarter 2003 Investment Portfolio Reports from Counties and Cities
- Summary of Statewide Measures in the March Primary
- Community Development Financial Institutions: Resources for Businesses and Communities
- CTCAC Overseas Commercial Revitalization Deduction Program
- Empowerment Zones and Economic Development
- Public Pension Fund Liabilities: A Credit Rating Agency Perspective

3. Technical Assistance

CDIAC places a high priority on making its data and expertise available to public agencies in useful forms. Accessibility is the crux of the technical assistance program. CDIAC's formal technical assistance program has two components. The first component of CDIAC's technical assistance program is responding to inquiries concerning California public issuance and public fund investment. The Commission receives daily contacts from public and private sector professionals regarding requests for data on public issuance and information on the nature and application of public finance. CDIAC staff responds to over 2,000 such requests for information or assistance each year. Typical requests include information for lists of different types of financings over a specified period of time and for specific types of issuers, such as joint powers authorities and community facility districts, that have issued bonds covering specific years.

The second component of CDIAC's technical assistance program is the seminar program. Since 1984, CDIAC has organized educational seminars focusing on public finance matters. Offered throughout the year at various locations in the State, CDIAC seminars are designed to: (1) introduce public officials who are new to the field of public finance to the bond issuance and investment process; (2) strengthen the expertise of public officials who are familiar with the municipal bond issuance process and the investment of public funds; and (3) inform public officials about current topics that may affect public finance, public issuance, and the investment of public funds. Since April 2002, CDIAC has introduced Tools to Revitalize California Communities seminars that provide public officials with information on state financing programs available to local governments to assist in revitalizing their communities. Included in these programs is information on grants, loans, public issuance, and equity financing options available through state financing agencies for purposes such as brownfield redevelopment, industrial development financing, and private health facility/education facility financing. The majority of the public officials who attend CDIAC seminars are from local agencies, while the remainder are from state and federal agencies.

CDIAC offered the following seminars in 2004:

CDIAC Presents Fundamentals of Debt Financing, May 6-7, 2004, The Westin in Pasadena, CA

This is the first course of CDIAC's debt seminar programs. The seminar was one and a-half days long and covered basic concepts, roles and instruments of the debt issuance process. The program initiated discussion on initial and continuing disclosure, bond math and the fundamentals of bond sales.

CDIAC at California Municipal Treasurer's Association Annual (CMTA) Conference, April 21, 2004, Lake Tahoe, CA

CDIAC joined CMTA at the annual conference with a session highlighting CDIAC products/services to local governments and includes a presentation on AB 943 findings. At the time this seminar was held, AB 943 required cities and counties to report their quarterly fiscal statements and policy reports to CDIAC for review. Participants were able to engage in question and answers at session.

CDIAC Presents an Investment Workshop: Strategies for Public Fund Investment During Difficult Times, June 23, 2004, Sacramento, CA

This one-day workshop provided local agency investment officials and staff with basic information and tools to assist them in identifying appropriate investment strategies and implementing sound practices to ensure prudent returns on their investments during these difficult times.

CDIAC at the 14th Annual Bond Buyer California Conference, September 12, 2004, Hyatt Regency Hotel San Francisco, CA

This was a pre-conference to the Bond Buyer's California Conference. CDIAC featured panel sessions on unfunded liability and pension obligation bonds for issuers.

CDIAC and CASBO - The ABC's of School Debt Financing, September 21, 2004, Sacramento and September 28, 2004, Anaheim, CA

CDIAC partnered with the California Association of School Business Officials to present a one-day workshop on the basics of school debt issuance. The program was designed to provide school officials and their staff with the essential terms, concepts, and processes necessary in considering and launching a debt management program for school districts.

Land-Based Financing Workshop, October 1, 2004, Stockton, CA

This debt financing workshop focused on land-based transactions in debt issuance. A panel of experts discussed the basics of Mello-Roos and special assessment financing methods.

Mechanics of a Bond Sale, October 27-28, 2004, San Diego, CA

This is CDIAC's intermediate debt issuance course. The seminar was a one and one-half day program. This program covered the methods of structuring a debt financing, selecting a financing team, preparing legal documents, working with rating agencies, marketing and pricing debt issues, understanding federal arbitrage rules and regulations, and investing bond proceeds.

Advanced Portfolio Management Decision Making Workshop, November 5, 2004, Bloomberg Offices, San Francisco, CA

This was a one-day workshop designed for local government officials and their staff who may be involved in the day-to-day management of an investment portfolio or who are interested in a better understanding of the public investment process and how it can be achieved through technology. The program included hands-on exercises in evaluating the various options open to local public officials when investing public funds utilizing Bloomberg services, and other electronic sources.

CDIAC Presents a Session on Abatement Leases at the 24th AGL&F Fall Conference, November 11, 2004, Rancho Mirage, CA

A panel discussed credit, marketing, and legal considerations involved in various types of financing lease transactions with public agencies in the State of California. A major conduit issuer, a financial advisor and a bond counsel provided each perspective. Emphasis was given to California structures and issues including abatement, authority and appropriation risk.

CDIAC at the League of California Cities Annual Financial Management Seminar, December 2, 2004, Monterey Conference Center, Monterey, CA

CDIAC presented a session on municipal bond basics, entitled, *The ABC's of Debt Management*. The session covered a brief background on the history of bonds, the team players in a transaction, critical legal documents, disclosure and the central post office system, methods of structuring a bond, and positioning an issue for sale.

The 2004 Tools Conference Schedule was as follows:

Tools to Revitalize California Communities, January 31, 2003, El Dorado County Economic Forum, Placerville, CA

CDIAC at the Local Government Commission Council Meeting in Southern California - Tools to Revitalize California Communities Workshop, La Habra, CA February 7, 2004

CDIAC Tools to Revitalize California Communities Workshop – Koreatown Roundtable Forum, Los Angeles, CA, March 26, 2004

Tools to Revitalize California Communities, Small Business and Technical Assistance Roundtable Forum, Los Angeles, CA, July 19, 2004

CDIAC 3rd Annual Tools to Revitalize California Communities Conference-in the Central Valley, Bakersfield, CA, July 23, 2004

CDIAC Tools to Revitalize California Communities: A Mixed-Use Housing Development Symposium, San Diego, CA, October 29, 2004

C. Commission Funding and Expenditures

The Commission is funded out of the CDIAC Fund, mandated by California Government Code 8856. The CDIAC Fund is supported by fees levied on public issuance reported to the Commission. Specifically, the Commission is authorized to charge a fee to the lead underwriter or purchaser of a debt issue equal to 2.5 basis points or not more than \$5,000 for each issue.

In late 1995, the Commission took action to avert a deficit in CDIAC's Fund by increasing reporting fees. The goal was to generate revenues that would cover CDIAC's current operating costs as well as to restore its reserve to an appropriate level. With the increase in reporting fees, the goal was met more quickly than anticipated. A notable increase in the number of debt issues sold caused fee revenues to exceed estimates.

In an effort to draw down excess funds that had accumulated in CDIAC's reserve as a result of the fee increase, the Commission approved a two-phase fee reduction in February of 1998. The first phase reduced fees below the level needed to fully fund current operations in order to spend down the excess balance in the reserve. The second phase was planned to provide for an increase in fees to a level necessary to fully fund operations for the next fiscal year. When it was determined that there was still a need to spend down the excess funds in the reserve, the Commission deferred the planned fee increase for another year. Since that time, CDIAC has annually deferred the fee increase. Currently, the fee increase has been deferred until July 1, 2006. A copy of the revised fee schedule can be found in Appendix C.

As Figure 21 indicates, the Commission began the 2003-04 fiscal year with a fund balance of approximately \$5.6 million and added to that reimbursements and revenues of \$2.3 million, to total \$7.9 million in resources. Expenses for 2003-04 totaled nearly \$1.6 million, resulting in an ending fund balance almost of \$6.3 million.

Figure 21
California Debt and Investment Advisory Commission
Operating Revenues and Expenditures
Fiscal Year 2003-2004

	Amount
Revenues:	
Beginning balance (7/1/03)	\$5,570,280
Fees and Interest Earnings	2,233,467
Reimbursements	48,874
Total revenues	\$7,852,621
Expenditures:	
Staff salaries	\$738,749
Staff benefits	224,525
General expense	63,677
Printing	75,217
Communications	2,947
Postage	20,793
In-state travel	26,965
Out-of-state travel	3,108
Training	7,632
Facilities operation	105,764
Consultant/interdepartmental contracts	329,448
Data processing	0
Central administrative services	44,672
Major equipment	0
Total expenditures	\$1,643,497
Ending balance (6/30/04)	\$6,209,124

APPENDICES

ENABLING LEGISLATION

STATE OF CALIFORNIA GOVERNMENT CODE

DIVISION 1 OF TITLE 2 (*EXCERPT*)

Chapter 11.5 CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

§ 8855. Creation, composition, term; officers; compensation; powers and duties

(a) There is created the California Debt and Investment Advisory Commission, consisting of nine members, selected as follows:

- (1) The Treasurer, or his or her designee.
- (2) The Governor or the Director of Finance.
- (3) The Controller, or his or her designee.

(4) Two local government finance officers appointed by the Treasurer, one each from among persons employed by a county and by a city or a city and county of this state, experienced in the issuance and sale of municipal bonds and nominated by associations affiliated with these agencies.

(5) Two Members of the Assembly appointed by the Speaker of the Assembly.

(6) Two Members of the Senate appointed by the Senate Committee on Rules.

(b) (1) The term of office of an appointed member is four years, but appointed members serve at the pleasure of the appointing power. In case of a vacancy for any cause, the appointing power shall make an appointment to become effective immediately for the unexpired term.

(2) Any legislators appointed to the commission shall meet with and participate in the activities of the commission to the extent that the participation is not incompatible with their respective positions as Members of the Legislature. For purposes of this chapter, the Members of the Legislature shall constitute a joint interim legislative committee on the subject of this chapter.

(c) The Treasurer shall serve as chairperson of the commission and shall preside at meetings of the commission. The commission, on or after January 1, 1982, and annually thereafter, shall elect from its members a vice chairperson and a secretary who shall hold office until the next ensuing December 31 and shall continue to serve until their respective successors are elected.

(d) Appointed members of the commission shall not receive a salary, but shall be entitled to a per diem allowance of fifty dollars (\$50) for each day's attendance at a meeting of the commission not to

exceed three hundred dollars (\$300) in any month, and reimbursement for expenses incurred in the performance of their duties under this chapter, including travel and other necessary expenses.

(e) The commission shall do all of the following:

(1) Assist all state financing authorities and commissions in carrying out their responsibilities as prescribed by law, including assistance with respect to federal legislation pending in Congress.

(2) Upon request of any state or local government units, to assist them in the planning, preparation, marketing, and sale of new debt issues to reduce cost and to assist in protecting the issuer's credit.

(3) Collect, maintain, and provide comprehensive information on all state and all local debt authorization, sold and outstanding, and serve as a statistical clearinghouse for all state and local debt issues. This information shall be readily available upon request by any public official or any member of the public.

(4) Maintain contact with state and municipal bond issuers, underwriters, credit rating agencies, investors, and others to improve the market for state and local government debt issues.

(5) Undertake or commission studies on methods to reduce the costs and improve credit ratings of state and local issues.

(6) Recommend changes in state laws and local practices to improve the sale and servicing of state and local debts.

(7) Establish a continuing education program for local officials having direct or supervisory responsibility over municipal investments, and undertake other activities conducive to the disclosure of investment practices and strategies for oversight purposes.

(8) Collect, maintain, and provide information on local agency investments of public funds for local agency investment.

(f) The city, county, or city and county investor of any public funds, no later than 60 days after the close of the second and fourth quarters of each calendar year, shall provide the quarterly reports required pursuant to Section 53646 and, no later than 60 days after the close of the quarter of each calendar year and 60 days after the subsequent amendment thereto, provide the statement of investment policy required pursuant to Section 53646, to the commission by mail, postage prepaid, or by any other method approved by the commission. The commission shall collect these reports to further its educational responsibilities as described under subdivision (e). Nothing in this section shall be construed to create additional oversight responsibility for the commission or any of its members. Sole responsibility for control, oversight, and accountability of local investment decisions shall remain with local officials. The commission shall not be considered to have any fiduciary duty with respect to any local agency income report received under this subdivision. In addition, the commission shall not have any legal liability with respect to these investments.

(g) The commission may adopt bylaws for the regulation of its affairs and the conduct of its business.

(h) The issuer of any proposed new debt issue of state or local government shall, no later than 30 days prior to the sale of any debt issue at public or private sale, give written notice of the proposed sale to

the commission, by mail, postage prepaid. This subdivision shall also apply to any nonprofit public benefit corporation incorporated for the purpose of acquiring student loans.

(i) The notice shall include the proposed sale date, the name of the issuer, the type of debt issue, and the estimated principal amount thereof. Failure to give this notice shall not affect the validity of the sale.

(j) The issuer of any new debt issue of state or local government, not later than 45 days after the signing of the bond purchase contract in a negotiated or private financing, or after the acceptance of a bid in a competitive offering, shall submit a report of final sale to the commission by mail, postage prepaid, or by any other method approved by the commission. A copy of the final official statement for the issue shall accompany the report of final sale. The commission may require information to be submitted in the report of final sale that it considers appropriate.

(k) The commission shall publish a monthly newsletter describing and evaluating the operations of the commission during the preceding month.

(l) The commission shall meet on the call of the chairperson, or at the request of a majority of the members, or at the request of the Governor. A majority of all nonlegislative members of the commission constitutes a quorum for the transaction of business.

(m) All administrative and clerical assistance required by the commission shall be furnished by the office of the Treasurer.

(n) The commission, no later than May 1, 2006, shall report to the Legislature describing its activities since the inception of the local agency investment reporting program regarding the collection and maintenance of information on local agency investment practices and how the commission uses that information to fulfill its statutory goals.

§ 8856. Fees

(a) In carrying out the purposes of this chapter, the commission may charge fees to the lead underwriter or the purchaser in an amount equal to one-fortieth of 1 percent of the principal amount of the issue, but not to exceed five thousand dollars (\$5,000) for any one issue. Amounts received under this section shall be deposited in the California Debt and

Investment Advisory Commission Fund, which is hereby created in the State Treasury. All money in the fund shall be available, when appropriated, for expenses of the commission and the Treasurer.

(b) Until fees are received by the advisory commission and appropriated pursuant to this chapter for the expenses of the commission and the Treasurer, the commission may borrow the moneys required for the purpose of meeting necessary expenses of initial organization and operation of the commission.

§ 8857. Employees

The chairperson of the commission, on its behalf, may employ an executive director and other persons necessary to perform the duties imposed upon it by this chapter. The executive director shall serve at the pleasure of the commission and shall receive compensation as fixed by the commission. The commission may delegate to the executive director the authority to enter contracts on behalf of the commission.

§ 8858. Annual Report; outstanding state and local public debt; recent trends

Notwithstanding Section 7550.5, the commission shall prepare an annual report compiling and detailing the total amount of outstanding state and local public debt and examining recent trends in the composition of that outstanding debt. The report shall reflect all bonded indebtedness issued by governmental entities, including, but not limited to, the state and state authorities, school districts, cities, counties, city and counties, special districts, joint powers agencies, redevelopment agencies, and community college districts. The commission shall obtain the information for this report from existing sources, including the Controller, the State Department of Education, and the Chancellor's office of the California Community Colleges, and these agencies shall assist the commission in carrying out this section.

§ 8859. Advice regarding local bond pooling authorities

The commission may, upon request, advise local agencies regarding the formation of local bond pooling authorities pursuant to Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1, and may advise the authorities regarding the planning, preparing, insuring, marketing, and selling of bonds as authorized by that article.

CURRENT LIST OF PUBLICATIONS

For information on how to receive the publications listed below, please call or write the:

*California Debt and Investment Advisory Commission
915 Capitol Mall, Room 400
Sacramento, CA 95814*

*PHONE: (916) 653-3269
FAX: (916) 654-7440
E-MAIL: cdiac@treasurer.ca.gov
or access CDIAC's website at:
www.treasurer.ca.gov/cdiac*

The following materials are available at cost:

DEBT ISSUANCE PRIMER

CALIFORNIA DEBT ISSUANCE PRIMER, California Debt and Investment Advisory Commission and Orrick, Herrington & Sutcliffe, April, 1998.

A comprehensive handbook of the bond issuance process in California. This handbook is available for \$25.00 per printed copy.

PUBLIC FUND INVESTMENT PRIMER

CALIFORNIA PUBLIC FUND INVESTMENT PRIMER, California Debt and Investment Advisory Commission and Consultants: Chandler Asset Management, Inc., Fieldman, Rolapp & Associates, and Stradling Yocca Carlson & Rauth, A Joint Venture, March 2005

A comprehensive primer on the public investment process in California. This handbook is available for \$25.00 per printed copy. It also is available in a .pdf format at www.treasurer.ca.gov/cdiac.

The following publications are provided free of charge to interested parties upon request:

MONTHLY PUBLICATION

DEBT LINE, A MONTHLY PUBLICATION, California Debt and Investment Advisory Commission, 1982 to present.

The legislatively-mandated newsletter provides a calendar listing of all proposed and sold bond issues reported to CDIAC, as required by law, as well as summary tables and articles related to public issuance and the investment of public funds.

DEBT LINE OFFPRINTS

Selected articles from CDIAC's monthly newsletter, DEBT LINE, relating to public financing and investment issues. A listing of articles may be found on CDIAC's website at www.treasurer.ca.gov/cdiac.

ANNUAL REPORTS

ANNUAL REPORT 2003 [CDIAC #04-09]

This report provides the history of the Commission, a profile of its members, a discussion of topical events in California public finance, a review of bond issuance statistics and Commission activities, and a preview of the Commission's planned programs for the following year.

ANNUAL REPORT 2002 [CDIAC #03-7]

ANNUAL REPORT 2001 [CDIAC #02-6]

ANNUAL REPORT 2000 [CDIAC #01-7]

ANNUAL REPORT 1999 [CDIAC #01-2]

ANNUAL REPORT 1998 [CDIAC #99-6]

ANNUAL REPORT 1997 [CDIAC #98-4]

ANNUAL REPORT 1996 [CDIAC #97-5]

ANNUAL REPORT 1995 [CDIAC #96-4]

ANNUAL REPORT 1994 [CDIAC #95-2]

2003 CALENDAR OF DEBT ISSUANCE [CDIAC #04-11]

2002 CALENDAR OF DEBT ISSUANCE [CDIAC #03-9]

2001 CALENDAR OF DEBT ISSUANCE [CDIAC #02-8]

2000 CALENDAR OF DEBT ISSUANCE [CDIAC #01-9]

1999 CALENDAR OF DEBT ISSUANCE [CDIAC #01-4]

1998 CALENDAR OF DEBT ISSUANCE [CDIAC #99-4]

1997 CALENDAR OF DEBT ISSUANCE [CDIAC #98-3]

1996 CALENDAR OF DEBT ISSUANCE [CDIAC #97-6]

1995 CALENDAR OF DEBT ISSUANCE [CDAC #96-3]

1994 CALENDAR OF DEBT ISSUANCE [CDAC #95-8]

1993 CALENDAR OF DEBT ISSUANCE [CDAC #94-5]

1992 CALENDAR OF DEBT ISSUANCE [CDAC #93-6]

1991 CALENDAR OF DEBT ISSUANCE [CDAC #92-5]

1990 CALENDAR OF DEBT ISSUES, California Debt Advisory Commission, June 1, 1990

1989 CALENDAR OF ISSUES, California Debt Advisory Commission, February 15, 1990

1988 CALENDAR OF ISSUES, California Debt Advisory Commission, February 15, 1989

1987 CALENDAR OF ISSUES, California Debt Advisory Commission, February 1, 1988

1986 CALENDAR OF ISSUES, California Debt Advisory Commission, May 15, 1987

1985 CALENDAR OF ISSUES, California Debt Advisory Commission, March 31, 1986

2003 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDIAC #04-10]

2002 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDIAC #03-8]

2001 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDIAC #02-7]

2000 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDIAC #01-8]

1999 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDIAC #01-3]

1998 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDIAC #99-1]
1997 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDIAC #98-5]
1996 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDIAC #97-7]
1995 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDAC #96-2]
1994 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDAC #95-7]
1993 SUMMARY OF CALIFORNIA DEBT ISSUANCE [CDAC #94-4]
1992 SUMMARY OF CALIFORNIA PUBLIC DEBT [CDAC #93-5]
1991 SUMMARY OF CALIFORNIA PUBLIC DEBT [CDAC #92-4]
1990 SUMMARY OF CALIFORNIA PUBLIC DEBT, California Debt Advisory Commission, June 1, 1990
1989 SUMMARY OF CALIFORNIA PUBLIC DEBT, California Debt Advisory Commission, February 15, 1990
1988 SUMMARY OF CALIFORNIA PUBLIC DEBT, California Debt Advisory Commission, February 15, 1989
1987 SUMMARY OF CALIFORNIA PUBLIC DEBT, California Debt Advisory Commission, February 1, 1988
1986 SUMMARY OF CALIFORNIA PUBLIC DEBT, California Debt Advisory Commission, May 15, 1987
1985 SUMMARY OF CALIFORNIA PUBLIC DEBT, California Debt Advisory Commission, March 31, 1986
1985 CALIFORNIA PUBLIC DEBT BY ISSUING AGENCIES, California Debt Advisory Commission, August 15, 1986⁶

2002 MARKS-ROOS YEARLY FISCAL STATUS REPORT, November 2003 [CDIAC 03-05]
1998 MARKS-ROOS BOND POOLING ACT PARTICIPANTS YEARLY FISCAL STATUS REPORT AND DRAW ON RESERVE DEFAULT REPORT, April 1999 [CDIAC 99-3]
1997 MARKS-ROOS BOND POOLING ACT PARTICIPANTS YEARLY FISCAL STATUS REPORT AND DRAW ON RESERVE DEFAULT REPORT, California Debt and Investment Advisory Commission, February 1998 [CDIAC #98-1]
1996 MARKS-ROOS BOND POOLING ACT PARTICIPANTS YEARLY FISCAL STATUS REPORT AND DRAW ON RESERVE DEFAULT REPORT, California Debt and Investment Advisory Commission, February 1997 [CDIAC #97-4]

2002 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, California Debt and Investment Advisory Commission, November 2003 [CDIAC #03-06]
1999/2000 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, California Debt and Investment Advisory Commission, May 2000 [CDIAC #01-6]
1998 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, California Debt and Investment Advisory Commission, April 1999 [CDIAC #99-1]
1997 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, California Debt and Investment Advisory Commission, March 1998, [CDIAC#98-2]
1996 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, California Debt and Investment Advisory Commission, January 1997, [CDIAC #97-1]
1995 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, California Debt Advisory Commission, January 1996, [CDAC #96-1]

⁶ 1985 was the only year that this report was published separately; beginning in 1986, this information was incorporated into the "Summary of California Public Debt."

1994 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, California Debt Advisory Commission, December 1994, [CDAC #94-8]

1993 MELLO-ROOS COMMUNITY FACILITIES DISTRICTS YEARLY FISCAL STATUS REPORT, California Debt Advisory Commission, December 1993, [CDAC #93-9]

ISSUE BRIEF SERIES

Short Reference Documents on Various Public Finance Topics

ISSUE BRIEF NUMBER 1 - COMPETITIVE VS. NEGOTIATED SALE OF DEBT, California Debt Advisory Commission, September 1992

ISSUE BRIEF NUMBER 2 - UNDERSTANDING THE UNDERWRITING SPREAD, California Debt Advisory Commission, March 1993

ISSUE BRIEF NUMBER 3 - PREPARING REQUESTS FOR PROPOSALS, California Debt Advisory Commission, October 1994

ELECTRONIC DISCLOSURE ISSUE BRIEF, California Debt and Investment Advisory Commission, February 2002 [CDIAC #02-2]

INVESTING IN CALLABLE SECURITIES ISSUE BRIEF, California Debt and Investment Advisory Commission, May 2002 [CDIAC #02-3A]

AUCTION RATE SECURITIES ISSUE BRIEF, California Debt and Investment Advisory Commission, August 2004 [CDIAC #04-8]

THE FUNDAMENTALS OF INTEREST RATE SWAPS, California Debt and Investment Advisory Commission, October 2004 [CDIAC #04-12]

SECURITIES LENDING AGREEMENTS, California Debt and Investment Advisory Commission, May 2005 [CDIAC #05-05]

STATE & LOCAL TAX AND BOND BALLOT MEASURES

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE NOVEMBER 2004 GENERAL ELECTION, California Debt and Investment Advisory Commission, November 2004 [CDIAC #05-01]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE MARCH 2004 PRIMARY ELECTION, California Debt and Investment Advisory Commission, March 2004 [CDIAC #04-02]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE NOVEMBER 2002 GENERAL ELECTION, California Debt and Investment Advisory Commission, November 2002 [CDIAC 03-1]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE MARCH 2002 PRIMARY ELECTION, California Debt and Investment Advisory Commission, March 2002 [CDIAC 02-04]

STATE AND LOCAL BOND AND TAX BALLOT MEASURES: RESULTS OF THE NOVEMBER 2000 GENERAL ELECTION, California Debt and Investment Advisory Commission, February 2001 [CDIAC 01-05]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE NOVEMBER 1999 PRIMARY ELECTION, California Debt and Investment Advisory Commission, March 2000 [CDIAC 00-3]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE NOVEMBER 1998 GENERAL ELECTION, California Debt and Investment Advisory Commission, March 1999 [CDIAC #99-2]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE 1998 PRIMARY ELECTION, California Debt and Investment Advisory Commission, June 1998 [CDIAC #98-7]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE 1996 GENERAL ELECTION, California Debt and Investment Advisory Commission, March 1997 [CDIAC #97-2]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE 1996 PRIMARY ELECTION, California Debt Advisory Commission, June 1996 [CDAC #96-5]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: RESULTS OF THE 1994 PRIMARY AND GENERAL ELECTIONS, California Debt Advisory Commission, December 1994 [CDAC #94-9]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: SUMMARY OF GENERAL ELECTION, JUNE 2 AND NOVEMBER 3, 1992, California Debt Advisory Commission, March 1993 [CDAC #93-1]

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: SUMMARY OF GENERAL ELECTION, NOVEMBER 6, 1990, California Debt Advisory Commission, February 1991

STATE AND LOCAL TAX AND BOND BALLOT MEASURES: SUMMARY OF GENERAL ELECTION, JUNE 1990, California Debt Advisory Commission, August 1990

STATE AND COUNTY TAX AND BOND BALLOT MEASURES: SUMMARY OF GENERAL ELECTION, NOVEMBER 8, 1988, California Debt Advisory Commission, February 1989

STATE AND COUNTY TAX AND BOND BALLOT MEASURES: SUMMARY OF GENERAL ELECTION, NOVEMBER 4, 1986, California Debt Advisory Commission, February 1987

MISCELLANEOUS

20 QUESTIONS FOR MUNICIPAL INTEREST RATE SWAP ISSUERS, California Debt and Investment Advisory Commission, April 2005 [CDIAC #05-04]

APPRAISAL STANDARDS FOR LAND-SECURED FINANCINGS, California Debt Advisory Commission, May 1994 [CDAC #94-6]

ASSESSMENT OF LOCAL GOVERNMENT INVESTMENT POOLS: A Survey of California County Pools, California Debt and Investment Advisory Commission, January 2000 [CDIAC #00-1]

BOND INSURANCE AS A FORM OF CREDIT ENHANCEMENT IN CALIFORNIA'S MUNICIPAL BOND MARKET, California Debt and Investment Advisory Commission, January 2002 [CDIAC #02-1]

This report provides a useful resource for first-time or infrequent users of bond insurance by summarizing the players, process, costs and benefits of this form of credit enhancement. The report also represents a working framework for the bond insurance decision-making process and provides statistics on the bond insurance market.

COPs IN CALIFORNIA: CURRENT ISSUES IN MUNICIPAL LEASING, California Debt Advisory Commission, June 1992 [CDAC #92-6]

A report on the public hearing on lease financing in California held by the Commission on June 18, 1992. This report includes the background staff report prepared for the hearing and testimony provided to the Commission.

DEBT ISSUANCE DATA

DEBT ISSUANCE DATA (formerly DATA ON DISK) includes data compiled by CDIAC containing the sold issues received by CDIAC for the respective month. This information is currently published in the *Calendar* portion of *DEBT LINE* and excludes the proposed information that appears in the *Calendar*. This data is reported to CDIAC and compiled from the *Report of Proposed Debt Issuance* and the *Report of Final Sale*. This data is available for downloading from CDIAC's website at www.treasurer.ca.gov/cdiac/cdiac.htm.

This information is also available on diskette for current and prior years by annual subscription. The subscription price is \$77.58 per year (including tax) for 2003 Monthly Sold Data and \$6.47 per year for prior year data (1985 through 2004). To find out more about subscribing to DEBT ISSUANCE DATA or if you have any other questions, please contact CDIAC at (916) 653-3269 or e-mail CDIAC at cdiac@treasurer.ca.gov.

DISCLOSURE GUIDELINES FOR LAND-BASED SECURITIES, California Debt Advisory Commission, September 12, 1996 [CDAC #96-6]

The Guidelines present the disclosure practices recommended for compliance with the Securities and Exchange Commission amendments to Rule 15c2-12 (adopted in November 1994 by the SEC) for land-based financings. It provides background on land-based financings in California, municipal securities regulation, primary market disclosure and continuing disclosure for land-based securities.

GLOSSARY OF LEASING TERMS, California Debt and Investment Advisory Commission, November 1997 [CDIAC #97-09]

The purpose of this glossary is to provide a helpful reference tool to public officials responsible for leasing decisions.

GUIDELINES FOR LEASES AND CERTIFICATES OF PARTICIPATION, California Debt Advisory Commission, November 1993 [CDAC #93-8]

The Guidelines are to help public officials understand tax exempt leasing and to apply this tool judiciously.

INVESTMENT PORTFOLIO REPORTING PRACTICES: AN INFORMATIONAL GUIDE, California Debt and Investment Advisory Commission [CDIAC 04-5]

This handbook describes the purpose behind local government investment portfolio reporting and the information cities and counties should report to their legislative bodies. It also provides visual and written examples from actual city and county portfolios that summarize agency investment activities.

These examples are given to provide local agencies with illustrations of additional information they may wish to include in their reports, to the extent that it assists their legislative bodies in meeting their fiduciary responsibilities.

LEASES IN CALIFORNIA: THEIR FORM AND FUNCTION, California Debt Advisory Commission, September 1990

This informational study explains how and why State and local governments in California use tax-exempt leases.

UPDATED LOCAL AGENCY INVESTMENT GUIDELINES (2005), California Debt and Investment Advisory Commission, April 2005 [CDIAC #05-03]

These guidelines provide local agencies and other interested parties with information on recent state law changes that affect the investment of public funds. The 2005 Update reflects state changes effective January 1, 2005 and should be used to replace all previous versions of the document.

MARKS-ROOS: A REVIEW OF THE MARKS-ROOS LOCAL BOND POOLING ACT OF 1985, California Debt and Investment Advisory Commission, September 1998 [CDIAC #98-8]

This report demystifies the "black box" of Marks-Roos financing by providing a factual basis for understanding the historical development of the Marks-Roos Act, and serving as a reference guide on its practical applications.

MARKS-ROOS, RECOMMENDED CHANGES, California Debt Advisory Commission, [CDIAC #95-1]

The recommendations put forth in this report are intended to curb the potential for abusive Marks-Roos financings in the future, protect the public from unwarranted and unnecessary taxes and assessments, and restore the confidence of investors in this form of infrastructure finance.

MELLO-ROOS FINANCING IN CALIFORNIA, California Debt Advisory Commission, September 1991

This report examines the public policy issues and credit quality concerns surrounding the use of Mello-Roos bonds. The report includes guidelines for local government issuers.

MELLO-ROOS GUIDELINES, California Debt Advisory Commission, October 1991

This report is a reprint of the guidelines included in the report above.

QUICK REFERENCE GUIDE TO DEBT ISSUANCE AND PUBLIC INVESTMENT SEMINARS, California Debt and Investment Advisory Commission, March 2001

This Guide contains information on the various bond issuance and public investment seminars offered through CDIAC's Continuing Education and Outreach Program. CDIAC's various seminars are described and the Guide includes information on the subject matter contained in each program, the duration of the program and how often the program is offered.

RECOMMENDED PRACTICES IN THE APPRAISAL OF REAL ESTATE FOR LAND-SECURE FINANCING, California Debt Advisory Commission - July, 2004 [CDIAC #04-06]

REDEVELOPMENT AGENCIES RECOMMENDED PRACTICES, California Debt Advisory Commission [CDAC #95-5]

A report to assist redevelopment agencies by providing recommended practices and examples of innovation culled from redevelopment activities throughout California.

REIMBURSEMENT AND BOND PROCEEDS, October 2003

REPORT OF THE INTERAGENCY MUNICIPAL SECURITIES TASK FORCE, California Debt and Investment Advisory Commission, June 1998 [CDIAC #98-6]

RESPONSE TO SENATE LOCAL GOVERNMENT COMMITTEE REQUEST FOR INFORMATION RELATED TO SENATE BILL 465 (SOTO), July 1, 2003

This report summarizes research completed at the request of the Senate Local Government Committee regarding Senate Bill 465 (Soto), a bill that would create a new category of redevelopment project area, among other things. The report responds to a series of questions asked by the Committee related to mixed-use redevelopment projects near transit stations, including details regarding the project area (for example, size, distance from the transit station, debt incurred) and broader questions regarding the impact of current redevelopment law and SB 465 (Soto).

A REVIEW OF CALIFORNIA STATE AND LOCAL OUTSTANDING GENERAL OBLIGATION DEBT: 1992-93 THROUGH 1998-99, California Debt and Investment Advisory Commission [CDIAC #02-5B]

A review of state and local general obligation (GO) bonds issued in California from 1992-93 through 1998-99. This report also explores the relationship between outstanding GO bonds and prevailing economic and demographic conditions statewide and within various regions of the State.

THE USE OF GENERAL OBLIGATION BONDS BY THE STATE OF CALIFORNIA, California Debt Advisory Commission, September 1987

This research report examines the use of general obligation bonds by the State of California.

TOOLS TO REVITALIZE CALIFORNIA COMMUNITIES, California Debt and Investment Advisory Commission – October 2004 [CDIAC 04-4]

This guide gives local government officials and private parties who are seeking to revitalize their communities the tools that they need to find the appropriate state financing program to assist their situations. It describes select state agency programs that provide community revitalization financing, illustrates real-life examples of how some of these programs have been used, and lists contact information for those interested in pursuing the programs for use in their communities.

UNDERSTANDING PUBLIC INVESTMENT REPORTING: A HANDBOOK FOR LOCAL ELECTED OFFICIALS, California Debt and Investment Advisory Commission [CDIAC 03-02]

This “quick-reference” guide is designed to help elected and appointed local government officials, investment oversight committee members, and the agency’s legislative body, review and interpret investment reports.

CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

REPORTING FEE SCHEDULE

Date of Adoption: May 12, 2005

EFFECTIVE JULY 1, 2005

Pursuant to Section 8856 of the California Government Code, the California Debt and Investment Advisory Commission (CDIAC) adopted the following two-phased fee schedule effective upon adoption.

1. **Issues Purchased by Agencies of the Federal Government:** No fee shall be charged on any issue purchased by an agency of the Federal Government.
2. **Issues of Less Than \$1,000,000:** No fee shall be charged to the lead underwriter or purchaser of any public debt issue which has a par value amount less than one million dollars (\$1,000,000), regardless of the term of the issue.
3. **Issues with Short-Term Maturities:** Notwithstanding Sections 1 and 2 above, the lead underwriter or purchaser of any public debt issue which has a maturity of eighteen (18) months or less, including those issues sold in a pooled financing (e.g., a TRAns pool), shall be required to pay a fee to the California Debt and Investment Advisory Commission in accordance with the following schedule:
 - A. For such issues sold on April 1, 1998 through June 30, 2006, the fee will be equal to one hundred and fifty dollars (\$150).
 - B. For such issues sold on or after July 1, 2006, the fee will be equal to two hundred dollars (\$200).
4. **Issues with Long-Term Maturities:** Notwithstanding Sections 1, 2, and 3 above, the lead underwriter or purchaser of any public debt issue which has a final maturity greater than eighteen (18) months shall be required to pay a fee to the California Debt and Investment Advisory Commission in accordance with the following fee schedule:
 - A. For such issues sold on April 1, 1998 through June 30, 2006, the fee will be equal to 1.5 basis points (0.00015) not to exceed three thousand dollars (\$3,000).
 - B. For such issues sold on or after July 1, 2006, the fee will be equal to 2.0 basis points (.0002) not to exceed four thousand dollars (\$4,000).
5. **Marks-Roos Financing Authority Issues:** One fee will be assessed for Marks-Roos Financing Authority bond issues where the bond sales occur simultaneously (i.e., reports filed with the Commission are received on the same date, financings are sold on the same date, and with the same financing team).
6. **All Proposed and Final Sales to be Reported to the California Debt and Investment Advisory Commission:** Nothing in this fee schedule shall relieve an issuer from giving written notice of a proposed debt issue no later than 30 days prior to the proposed sale, or to give final sale information within 45 days of the sale, to the California Debt and Investment Advisory Commission as required by Sections 8855(g) and (i) of the California Government Code.

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